Manitoba Agriculture,
Food and Rural Initiatives

Annual Report
2003-2004

Manitoba

105-00134/

Agriculture, Alimentation et
Initiatives rurales Manitoba

Rapport annuel 2003-2004

Manitoba

Minister of Agriculture, Food
and Rural Initiatives

Room 165
Legislative Building
Winnipeg, Manitoba, R3C 0V8
CANADA

The Honourable John Harvard
Lieutenant-Governor of Manitoba

Your Honour;

I am pleased to submit the enclosed annual report of the Department of Agriculture, Food and Rural Initiatives for the fiscal year covering the period from April 1, 2003 to March 31, 2004.

During the 2003-2004 fiscal year, we faced numerous challenges and successfully implemented many new programs as we assisted farm families, the agri-food industry and rural Manitobans address the widespread effects of Bovine Spongiform Encephalopathy (BSE), trade disputes, bovine tuberculosis, and drought. We championed the interests of our clients in Agricultural Policy Framework negotiations with the federal government, and were successful in achieving many producer requested provisions in the new federal-provincial farm income support program. We continued to promote and support new technologies in agricultural production, environmental preservation, and value-added processing.

In November 2003, the department was expanded in name and function to incorporate the province's ongoing efforts in rural development and community sustainability. Our new mandate is to continue to support and promote the agri-food industry and preserve the fabric of rural society, so that farm and rural families can continue to develop and enjoy dynamic communities. In order to help us achieve this goal, we initiated a renewal initiative to ensure our department programs and activities are aligned with the needs of our expanded client base. Our "Growing Opportunities" initiative will continue to examine innovative ways to assist the agriculture, food and rural sectors of Manitoba.

This annual report reflects the numerous, vigorous and varied efforts we put forward in order to attain our goals. In closing, I would like to commend our dedicated staff who are widely recognized by our clients as hard working, resourceful and conscientious.

Sincerely,

Rosann Wowchuk

Rosann Wowchuk
Minister

Manitoba

Deputy Minister of
Agriculture, Food and Rural Initiatives

Room 159
Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8
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Honourable Rosann Wowchuk
Minister of Agriculture, Food and Rural Initiatives
Province of Manitoba

Madam;

I am pleased to present the annual report for the Manitoba Department of Agriculture, Food and Rural Initiatives for the fiscal year ending on March 31, 2004.

This department has a service record of excellence that has long been recognized by our clients, and during 2003-2004, we continued to excel in the services and programs we provided for farm families, rural communities and the agriculture and agri-food sector. That service excellence was emphasized as our staff rose to the many challenges created by the Bovine Spongiform Encephalopathy (BSE) situation, drought, pest problems and trade challenges. We developed assistance and loan programs that were responsive to evolving circumstances, and we spent countless hours working with producers to provide counselling, farm management advice and production-based information.

During this fiscal year, we also embarked on a re-examination of our organization as it relates to the new realities of farm and rural life in the 21st century. Our "Growing Opportunities" initiative is examining new ways in which we can foster a healthy agriculture industry, a dynamic food economy, and a vibrant and diverse rural society. We have and will be seeking direction from our staff, our clients and other industry stakeholders as we realign the department so that it can continue to address the new challenges facing rural and agro Manitoba.

Respectfully submitted,

Barry Todd
Deputy Minister

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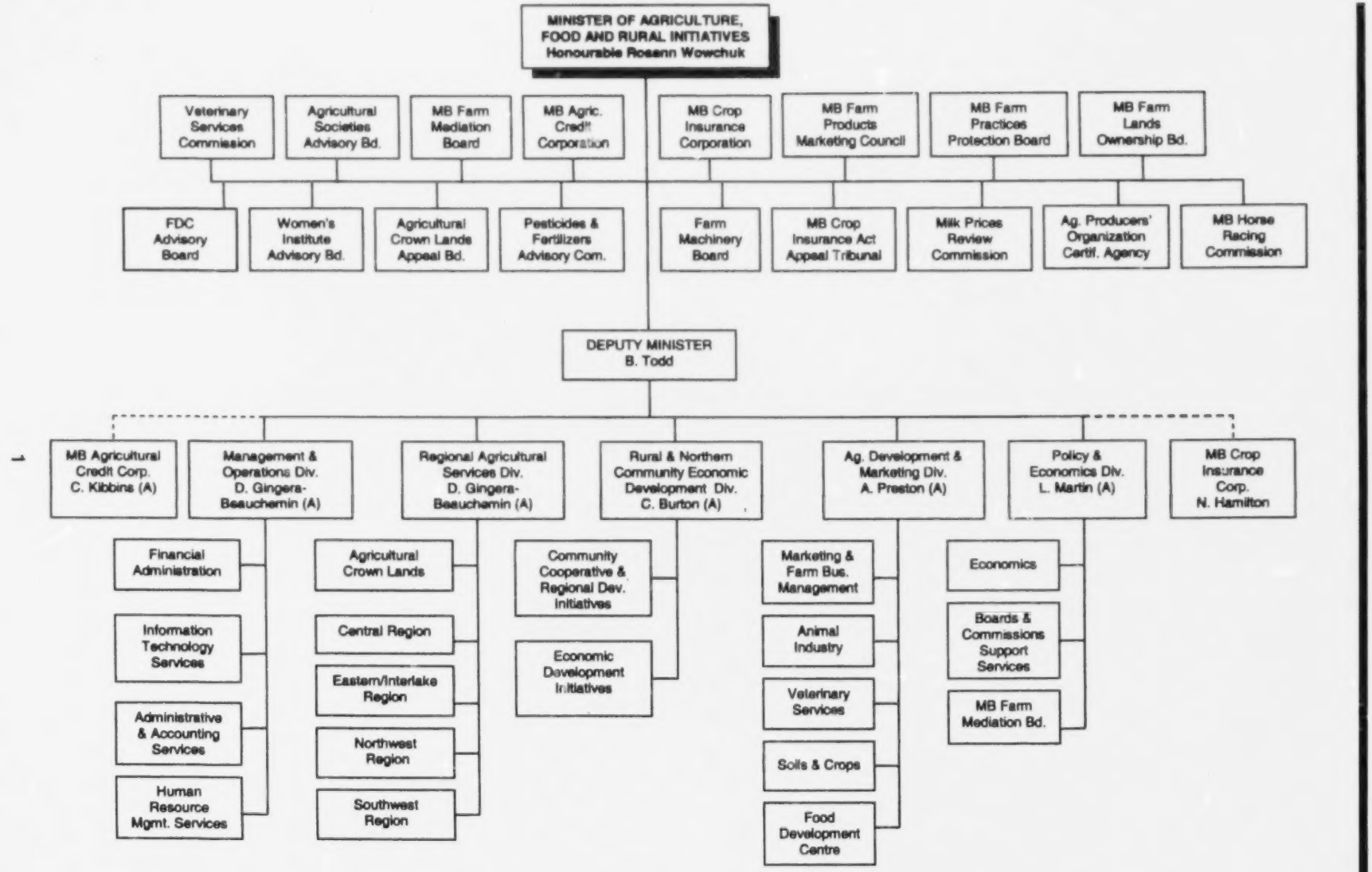
ORGANIZATION CHART OF MANITOBA
AGRICULTURE, FOOD AND RURAL INITIATIVES



MANITOBA AGRICULTURE, FOOD AND RURAL INITIATIVES

Executive

Honourable Rosann Wowchuk, Minister

B. Todd, Deputy Minister

A. Preston, A/Assistant Deputy Minister
Agricultural Development and Marketing Division

D. Gingera-Beauchemin, A/Assistant Deputy Minister
Management and Regional Agricultural Services Division

L. Martin, A/Assistant Deputy Minister
Policy and Economics Division

C. Burton, A/Assistant Deputy Minister
Rural and Northern Community Economic Development Services Division

M. Richter, A/Executive Financial Officer

C. Kibbins, A/Chief Executive Officer
Manitoba Agricultural Credit Corporation

N. Hamilton, General Manager
Manitoba Crop Insurance Corporation

PREFACE

Purpose and Organization of the Annual Report

This report was prepared by the Manitoba Department of Agriculture, Food and Rural Initiatives to summarize the accomplishments and expenditures of the Department during the 2003/2004 fiscal year. Three major sections of this report include:

- **Section One** includes Part A – Program and Financial Information, and Part B – Capital Investments Information.
- **Section Two** contains summary tables comparing actual 2003/2004 expenditures and revenues with the budgeted estimates. The 2003/2004 figures are also compared to those for the 2002/2003 fiscal year.
- **Section Three** contains a five-year historical comparison of spending and staffing by appropriation numbers.

This report is presented according to the financial organization of the department, and is not necessarily organized according to programs and services.

Mission and Role

The Department's mission and role statements support the provincial government's commitment to improve the quality of life of all Manitobans. Manitoba Agriculture, Food and Rural Initiatives is committed to the overall provincial strategic priorities of community and economic development, sustainable development, and fiscal responsibility.

Mission
We are dedicated to creating a supportive environment that advances the greater prosperity and stability of our farm families, other agriculture and food partners, and rural communities.

Role
Within a sustainable agriculture framework we provide leadership and a range of information, programs and services in support of our mission.

Our Vision

Our recent publication, *Destination 2010,* highlights the Department's vision and goals it wishes to achieve by the year 2010:

- That farm families, agriculture and food partners and rural communities achieve a higher quality of life by becoming more prosperous and economically stable.
- That Manitoba's agriculture and agri-food sector are more profitable and competitive through expanded diversification and adding value, a growing livestock sector, and greater market orientation – all within a sustainable agriculture framework.
- That rural communities are healthier and more dynamic through expanded local economic and employment opportunities, based on a growing agriculture and agri-food sector.
- That the Department is the leading-edge provider of unbiased technical and up-to-date information to our clients.

Philosophy and Values

The People We Serve — Our Foremost Priority

The people we serve range from farm families, food processors, consumers, and Cabinet, to other government departments and to our fellow employees.

Our Best Job Performance

We are committed to giving our best job performance every day with pride and professionalism.

We Are One Organization

We all share a commitment to our whole Department, which takes precedence over any of its parts and to the Government of Manitoba and its priorities. We strive to understand our roles within our Department's overall mission, goals, beliefs and values.

We Are Public Trustees

We are entrusted with managing funds and other resources owned by the public we serve and we ensure that we make the most effective and efficient use of the public resources entrusted to our care.

Motivation, Morale and Recognition

Manitoba Agriculture, Food and Rural Initiatives has a Motivation, Morale and Recognition Strategy to recognize achievements within the public sector organizational culture. A formal peer recognition program forms the basis of the strategy. The Working Together for Success Committee annually invites department members to nominate fellow employees for special recognition and celebration. Recognition is awarded by peers. Committee members develop the award criteria, choose the number and types of awards and select the winners.

Home Page

The Department's annual report can be found on Manitoba Agriculture, Food and Rural Initiatives' home page address at www.gov.mb.ca/agriculture/programs. The 2003/2004 annual report on this web site includes a French language version for the Minister's introductory letter, the Deputy Minister's introductory letter, Preface, Sustainable Development Integration, and the narratives of each Branch/Region/Corporation.

Sustainable Development Integration

Under *The Sustainable Development Act*, each Department is required to integrate into its annual reporting process, information about progress in incorporating sustainable development into its activities.

A sustainable agricultural environment preserves and enhances national resources while providing maximum economic benefit within such a system of agriculture. Each Branch/Region of the Department has included a section on its sustainable development activities throughout the Annual Report, using the following principles of sustainable development set out by the Act:

- integration of environment and economic decisions;
- stewardship;
- shared responsibility;
- prevention;
- conservation and enhancement;
- rehabilitation and reclamation;
- global responsibility.

2003/2004 Highlights

- Bovine spongiform encephalopathy (BSE) was a huge challenge in 2003/2004, but Manitoba Agriculture, Food and Rural Initiatives rose to that challenge in its intense efforts to assist producers and the cattle industry.
    - Staff immediately tracked developments involving the Alberta BSE case, providing factual information to producers and the general public.
    - Staff began immediate work with federal and provincial counterparts to mitigate consequences and to pursue avenues of re-opening the border.
    - Contingency planning and responsive programming became a major focus of many areas of the department.
    - Front-line staff mobilized to provide program delivery, as well as to assist producers in any manner possible in an evolving situation that also included drought.
    - Extension staff developed livestock rations and investigated alternate feed sources, provided farm management and marketing options, and worked with family/community members to alleviate stress and provide support.
    - Policy and programming staff negotiated with the federal government to attain federal programs that provided maximum producer benefits.
    - Extensive communication was provided to emphasize the safety of Manitoba's beef supply.

- Community development, value-adding and diversification were key thrusts of the department as staff worked with rural communities and producers on beef processing, berry processing, hemp processing, ethanol production, organic production, nutraceutical crops, food processing and herb/spice crops – to name just a few of the hundreds of projects.

- Negotiations with the federal government on the Agricultural Policy Framework (APF) resulted in Manitoba signing the agreement on September 19, 2003. The APF covers business risk management, environment, food safety, renewal, and science/innovation, providing federal assistance to provincial efforts.

- Rigorous negotiations with the federal government on the Canadian Agricultural Income Stabilization (CAIS) program, a component of the APF, were successful in achieving many benefits for Manitoba producers. The program is a much-needed vehicle to provide assistance to producers in years when they experience income drops.

- The department established an innovative and user-friendly co-op development website. The first of its kind in Manitoba, this site contains information, resources and easy-to-use step-by-step guidance for people and communities interested in traditional and new generation co-operatives.

SECTION ONE

PART A

PROGRAM AND FINANCIAL

INFORMATION

Appropriation 1
Administration and Finance

The Administration and Finance Division assists the department in planning operational policies and programs. It ensures that the department's activities are implemented efficiently and effectively. It also provides central support service to management and staff.

During 2003/2004, the organization components within this division were Financial and Administrative Services, Information Technology Services, and Human Resource Management Services.

Appropriation 1 (a) - Minister's Salary

This expenditure provides additional compensation to an individual appointed to the Executive Council.

1 (a) Minister's Salary

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Salaries and Employee Benefits	28.8	1.00	29.0	(0.2)	
TOTAL EXPENDITURES	28.8	1.00	29.0	(0.2)	

Appropriation 1 (b) - Executive Support

Executive Support is responsible for providing leadership, direction, and communication in the effective implementation of department-wide goals and priorities. This unit's key responsibility is to advise the Minister on strategic and program options in compliance with government policies. Executive staff also ensure that all department resources are allocated in accordance with government policies and priorities. The assurance of value for money and efficient and effective program delivery remained a major priority of Executive Support.

1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	698.5	8.00	456.5	242.0	1
(2) Other Expenditures					
-Grants/Transfer Payments	8.3		12.9	(4.6)	
-Other	61.6		49.7	11.9	
Total Other Expenditures	69.9		62.6	7.3	
(3) Policy Studies	56.6		71.2	(14.6)	
TOTAL EXPENDITURES	825.0	8.00	590.3	234.7	

1. *The variance over authority is mainly due to the negotiated general salary increases under the Manitoba Government Employees' Union (MGEU) agreement and unbudgeted severance payments made during the year.*

Appropriation 1 (c) - Financial and Administrative Services

The Financial and Administrative Services Branch provides financial management and administrative support to Manitoba Agriculture, Food and Rural Initiatives (MAFRI) programs. This support is provided by Administrative and Accounting Services, as well as the Financial Administration unit.

The branch is involved in directing, developing, and administering financial support systems, financial planning, control, management, and reporting systems in the department. With the implementation of SAP, and the subsequent decentralization of financial authority and operational responsibility, the branch has developed a comptrollership framework resulting in controlled processes being implemented for the department. This framework will further ensure the efficient utilization and administration of the province's fiscal and human resources within MAFRI.

The Financial and Administrative Services Branch also provides leadership and strategic direction to Service Manitoba and Treasury Board initiatives, such as Manitoba Measures and Sustainable Development Procurement.

Administrative branch staff process revenue and central based expenditures in accordance with legislative, departmental, and Treasury Board requirements. As well, staff manage and provide coordination for the procurement card process, departmental assets, departmental fleet vehicles, parking program, physical accommodations including equipment, requests under *The Freedom of Information and Protection of Privacy Act* (FIPPA), which involved processing 40 applications, records management program, summer and part-time student program, administration of contracts and processes including the Agricultural Sustainability Initiative (Covering New Ground) which involved 52 agreements and the Irrigation Development Program involving six agreements, and workplace safety and health activity for the department. Staff coordinate and edit the Department's Annual Report, the Legislative Estimates Debate, and Supplementary Information for Legislative Review. Staff also coordinate the Programs and Services on the MAFRI website.

Staff continued to support the French Language Services Plan by coordinating and monitoring departmental publications for translation, including publications for the Manitoba Crop Insurance Corporation (MCIC) and the Manitoba Agricultural Credit Corporation (MACC), to ensure that agricultural services are offered to producers in various French language designated areas throughout Manitoba.

Accounting Services processed expenditure and transfer payments involving MCIC, Net Income Stabilization Account, Accommodation and Cost Recovery, Manitoba Telecom System, Mail Management Agency, Desktop, procurement cards, and other special payment requests such as Canadian Farm Income Program (CFIP), Canadian Agriculture Income Stabilization (CAIS), and Agricultural Income Disaster Assistance. Approximately 3,000 transactions in operating and capital expenditures were processed by Accounting Services, along with branch/division audits and year-end accrual entries. All payments were processed electronically.

The department signed the Canada/Manitoba Agricultural Policy Framework (APF) in 2003/2004 and the Branch is responsible for reporting and tracking the provincial contribution under The Implementation Agreement.

The Financial Administration unit provides management, financial, program, and related systems research and analysis for the Department, Cabinet, and Treasury Board on a timely basis. Staff compile annual estimates, monthly cash flows, capital supply estimates, management reports, fund transfers, and financial information for various information requirements for the Annual Report, Treasury Board reviews, and the Legislative Estimates Debate within established time frames. Staff also provide cash management support for the coordination of cost centre and internal order development.

Sustainable Development

In 2003/2004, the Administrative and Accounting Branch staff participated in sustainable development activities, taking into consideration the Principles and Guidelines of Sustainable Development:

Stewardship (Principle #2)

- The Departmental Green Team submitted a departmental Sustainable Development Procurement Action Plan Report for 2002/2003 which provided a means for measuring progress toward the strategic direction of Manitoba's Sustainable Development Procurement Goals. The goals were developed to provide actions to meet the intent of the Principles and Guidelines. The action plan was submitted to Procurement Council in June 2003.

Shared Responsibility (Principle #3)

- Staff coordinated MAFRI's Sustainable Development Procurement Committee, also known as the Departmental Green Procurement Team, which consists of representatives from each Branch/Region in the department, as well as MACC, MCIC, and FDC.
- The committee participated in the education and awareness of departmental staff and also monitored sustainable development procurement in the department.
- The Awareness Committee, a sub-committee of the Green Procurement Team, continued to monitor the Procurement Committee's newsletter and website.

Conservation and Enhancement (Principle #5)

- In 2003/2004 the department continued to emphasize the purchase of green products, the purchase of ethanol-blended fuel and the use of audio conferencing.

Global Responsibility (Principle #7)

- Staff participated in various central government *Sustainable Development Act* implementation working groups, including financial management guidelines, code of practice, and regulations.

1 (c) Financial and Administrative Services

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	674.5	16.39	874.0	(199.5)	1
(2) Other Expenditures	327.8		436.8	(109.0)	2
TOTAL EXPENDITURES	1,002.3	16.39	1,310.8	(308.5)	

1. *The variance under authority is mainly due to vacancies.*
2. *The variance under authority is mainly due to reductions in operating costs consistent with the government-wide fiscal restraints.*

Appropriation 1(d) - Information Technology Services

The objective of the Information Technology Services Branch is to coordinate, implement, and manage the required information technology resources to enable the department to meet its business goals, objectives, and opportunities. Along with providing computer management services and expertise for all user levels within the department, the branch provides advice to senior management on all information technology related matters. This assistance is aimed at ensuring that information technology resources are applied in a strategic, consistent, and economic manner that address departmental objectives.

Information Technology Services provides the department with services such as system analysis, design and development, ongoing system maintenance, system integration, technology research and development, technology planning, and specialized hardware/software purchasing.

The technology in the department's systems increases, there is a greater demand to strategically manage and direct these resources. Information Technology Services plays a vital role in coordinating the acquisition of technology with the establishment of information systems, to aid in the delivery of departmental programs.

During 2003/2004 staff developed new systems for the department. For example, the Agri-Maps map viewer on the Internet provides easy access to a large amount of Geographical Information Systems (GIS) based information without the need for complex GIS software. Another significant project was the instrument interface developed for the Vetlab system. This interface allows a blood analysis machine to input results directly into the lab system eliminating the need to have the technicians enter the data. This interface will act as a model for the interfacing of other machines in labs.

As well, the technology staff have transitioned themselves to the latest release of the Visual Basic development environment – The Visual Studio dot-NET. This is a significant change in technology for the team and has the potential to improve the speed and ease of implementation of custom developed software. Staff continued to support all existing systems in the department and the infrastructure of database and application servers.

Staff continued to provide support to department staff with the management of their Desktop Environment and facilitated the daily workings of the Desktop Management Environment Contract. Staff supported the Food Development Centre (FDC) and its services received under the Desktop Management Environment. In 2003/2004 this included the planning of the complete refresh of all desktop and laptop computers in the department. Roll-out of these machines will continue into the first quarter of 2004/2005.

Staff provided technical assistance in the continuing development of the Agriculture, Food and Rural Initiatives' website, which continues to be heavily utilized by clients. These developments include the Farm Safety Database, the Crop Residue Burn Program, and the Weekly Crop Reports.

1 (d) Information Technology Services

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	434.2	6.00	448.2	(14.0)	
(2) Other Expenditures	71.8		71.9	(0.1)	
TOTAL EXPENDITURES	506.0	6.00	520.1	(14.1)	

Appropriation 1 (e) – Human Resource Management Services

Human Resource Management Services is responsible for the development, implementation, administration, and monitoring of departmental human resource programs and systems for Manitoba Agriculture, Food and Rural Initiatives (MAFRI). Elements of these programs include: recruitment and selection, wage and salary administration, staff training and development, performance review/evaluation, employee relations, personnel records, and benefits and payrolls. In addition, the branch provides human resource advice and assistance to the management of the Manitoba Agricultural Credit Corporation (MACC), and the Food Development Centre (FDC).

During 2003/2004, Human Resource Management Services assisted in filling 72 positions. The branch also assisted with the recruitment of 65 summer students which included part-time winter students and co-op students for temporary employment.

Human Resources assisted in implementing the Voluntary Reduced Work Week Program (VRW) in which 98 staff participated with a total of 850 VRW days taken.

The branch continued to administer the department's pay/benefits system and classification system, and to maintain payroll records for staff. Leadership for comprehensive human resource services were provided, and coordinated for MAFRI and FDC.

Human Resource Management Services continued to support the French Language Services Plan to ensure that French language initiatives met strategic needs. Agricultural programs and services were offered in French to producers in various French language designated areas throughout Manitoba.

Employment Equity continued to be a selection criterion in the recruitment process. The department's current representation in the Employment Equity target groups is 58.3 per cent female, 1.0 per cent aboriginal, 4.3 per cent persons with disability, and 3.1 per cent visible minority.

Specialized training (versus general training) continued to be the focus, concentrating on areas such as Professional/Technical Update, Management Update, Orientation Program, Legendary Service, Workplace Health & Safety, Information Technology, Anger Management (BSE clients), Treasury Board & Cabinet Submission Writing and SAP training. There were a total of 1,727 training days.

Branch staff assisted in the resolution of various labour relations issues in consultation with department management, supervisors, and employees, as well as Labour Relations and the Manitoba Government Employees Union.

The Human Resource Branch is part of an amalgamated human resource unit for the departments of Manitoba Agriculture, Food and Rural Initiatives, Manitoba Conservation, Manitoba Water Stewardship and Manitoba Intergovernmental Affairs and Trade. Each department maintains on-site Human Resource Management Services. However, the Pay and Benefits section for all three departments share the same area.

1 (e) Human Resource Management Services

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	238.6	5.00	292.8	(54.2)	
(2) Other Expenditures	42.8		40.2	2.6	
TOTAL EXPENDITURES	281.4	5.00	333.0	(51.6)	

Appropriation 2
Risk Management and Income Support Programs

The main objectives of Risk Management and Income Support Programs are to administer production insurance and other risk reduction programs aimed at minimizing the impact that natural perils have on production, and to provide for Manitoba's contribution to an income stabilization program designed to address fluctuations in producers' annual incomes.

Appropriation 2 (a) - Manitoba Crop Insurance Corporation

The objective of the Manitoba Crop Insurance Corporation (MCIC) is to provide Manitoba's agricultural producers with effective risk management programs, primarily through insurance protection for crop losses due to natural perils.

MCIC is responsible for the development and delivery of the Production Insurance Program as provided for in The Crop Insurance Act. During 2003/2004, about 13,500 producers (10,150 separate production units) were insured. Insurance was provided on 49 crops, covering over 9.2 million acres. More than 85 per cent of the cultivated acres in Manitoba are covered by production insurance.

MCIC administers the Wildlife Damage Compensation Program, whereby producers are compensated for damage to agricultural products caused by big game animals and migratory waterfowl. Compensation is also paid for domestic animals killed or injured by predators.

MCIC offers separate hail insurance to those producers who are enrolled in the Production Insurance Program. Producer premiums cover all of the related costs, including administration.

MCIC's 2003/2004 activities and financial results are summarized in the MCIC Annual Report.

Sustainable Development

MCIC fully supports and participates in Manitoba Agriculture, Food and Rural Initiatives' Sustainable Development initiative under *The Sustainable Development Act*. MCIC's accomplishments and activities are included in the Manitoba Agriculture, Food and Rural Initiatives' Sustainable Development Procurement Plan and Procurement Report that are submitted by the Department to Procurement Council each fiscal year.

2 (a) Manitoba Crop Insurance Corporation

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Grants/Transfer Payments:					
(1) Administration	2,771.4	101.00	3,432.0	(660.6)	1
(2) Premiums	31,693.8		31,188.0	505.8	
(3) Wildlife Damage Compensation	928.9		1,144.4	(215.5)	2
TOTAL EXPENDITURES	35,394.1	101.00	35,764.4	(370.3)	

1. *The variance under authority is due to lower than expected claim activity and an increase in vacant positions.*

2. *The variance under authority is mainly due to lower than average volume of waterfowl claims and lower than expected average compensation per claim for the predator program.*

Appropriation 2 (b) - Net Income Stabilization Account – NISA Canadian Agriculture Income Stabilization - CAIS

The NISA program was terminated in 2002/2003. Appropriation 2 (b) is for expenditures relating to the Canadian Agricultural Income Stabilization (CAIS) Program.

The Canadian Agricultural Income Stabilization (CAIS) Program is an agricultural safety net program that provides farmers with comprehensive, predictable, individually targeted income stability. CAIS replaced the Net Income Stabilization Account (NISA) Program and the Canadian Farm Income Program (CFIP) which both terminated at the end of the 2002 tax year.

The CAIS Program is one of the core national programs under the Business Risk Management component of the Agricultural Policy Framework. The government portion is funded by the federal and provincial governments on a 60/40 basis. The CAIS program was implemented effective the 2003 tax year and is an ongoing program governed by the Canada-Manitoba Implementation Agreement which has a five year renewable term.

CAIS enables farmers to stabilize their income levels based on their own historic levels achieved. CAIS provides assistance when the farm's current year margin (a proxy of income) drops below the farm's reference period margin. Producers and governments share in covering a portion of the drop. The governments' assistance increases as the drop deepens.

Producers are required to register for the program and have funds on deposit to cover a portion of their share of the potential drop.

CAIS is administered in Winnipeg by the federal government.

During 2003/2004, the CAIS Program was launched and producers began signing up for coverage for their 2003 and 2004 tax years. Producer informational sessions were held, a toll free information line was made available, and program information was sent to producers. Interim payments for 2003 were made available. In Manitoba, 285 producers received interim payments, totalling $4.2 million (average of $14,774).

The 2003/2004 CAIS cost is for the participants' 2003 tax year. As the information required to calculate the payments is not available until the following year, program payments are estimated at year-end.

2 (b) Net Income Stabilization Account

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
-Grants/Transfer Payments	53,992.5		43,110.0	10,882.5	1
TOTAL EXPENDITURES	53,992.5		43,110.0	10,882.5	

1. *The variance over authority is due to the budget amount being based on the combined budgets for the former NISA and CFIP programs, prior to the agreement for the Canadian Agricultural Income Stabilization (CAIS) program being signed in September 2003.*

Appropriation 2 (c) - The Canadian Farm Income Program (CFIP)

The CFIP program was terminated in 2002/2003. Therefore, no expenditures were required in 2003/2004.

The Canadian Agricultural Income Stabilization (CAIS) Program replaced CFIP in 2003/2004. See Appropriation 2 (b) for information on CAIS.

2 (c) Canadian Farm Income Program

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
-Grants/Transfer Payments	-		-	-	
TOTAL EXPENDITURES	-		-	-	

Appropriation 3
Manitoba Agricultural Credit Corporation

The Manitoba Agricultural Credit Corporation (MACC) operates under *The Agricultural Credit Corporation Act.* MACC's purpose is to participate in meeting the financial requirements of the agricultural community, thereby contributing to a vibrant Manitoba economy that is globally competitive. The corporation meets these financial requirements by providing direct loans, operating loan guarantees, feeder association loan guarantees, and diversification loan guarantees to Manitoba farmers. As requested, MACC delivers emergency and special assistance programming to Manitobans. Special emphasis is placed on the young, beginning, and/or expanding farm operations. Equally important is MACC's role in farm diversification and value-added production, which are vital to the stability and future of many rural communities.

MACC's Young Farmer Rebate offers eligible young farmers (39 years of age and under) a two per cent rebate on the first $100,000 of MACC loan principal, for each of the first five years of the loan, to a lifetime maximum of $10,000. In 2003/2004, MACC clients earned rebates totalling $1.7million.

During the 2003/2004 fiscal year, MACC's program activity included the following:

Direct Lending	$41.1 million
Comprehensive Refinancing Loans	$ 0.5 million
Bridging Generation Initiative Loans	$ 10.8 million
BSE Recovery Loans	$56.9 million
Diversification Loan Guarantees	$42.9 million
Manitoba Cattle Feeder Associations Loan Guarantees	$22.0 million
Operating Credit Guarantees	$8.5 million

MACC remained committed to providing responsive programming as Manitoba farmers faced many challenges, including the bovine spongiform encephalopathy (BSE) crisis. As a result, the BSE Recovery Loan Program was implemented to assist in the cash flow challenges for Manitoba's ruminant producers.

MACC's specific 2003/2004 lending activities and financial data are detailed in MACC's Annual Report.

Sustainable Development

MACC fully supports and participates in Manitoba Agriculture, Food and Rural Initiatives' Sustainable Development initiative under the Sustainable Development Act. MACC's accomplishments and activities are included in the Manitoba Agriculture, Food and Rural Initiatives' Sustainable Development Procurement Plan and Procurement Report that are submitted by the department to Procurement Council each fiscal year.

3 Manitoba Agricultural Credit Corporation

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
-Grants/Transfer Payments:					
-Administration	4,537.7	61.00	4,639.8	(102.1)	1
-Net Interest Cost & Loan Guarantees	33.8		550.0	(516.2)	2
-Provision for Impaired Loans	882.0		500.0	382.0	3
-Special Farm Assistance	113.1		100.0	13.1	
-Flood Proofing Loan Assistance	57.6		57.0	0.6	
-Manitoba Producer Recovery Program	71.6		74.1	(2.5)	
-Project 2000 - Bridging Generations Initiative	221.0		289.0	(68.0)	
TOTAL EXPENDITURES	5,916.8	61.00	6,209.9	(293.1)	

The amount under authority is primarily due to the following:

1. *$(102.1)* — *Administration - A net amount under spending authority for Administration mainly due to positions held vacant as a result of the government's fiscal restraints, partly offset by an increase in other administration costs due to the implementation of the BSE Recovery Loan program.*

2. *$(516.2)* — *Net Interest Cost and Loan Guarantees – A net amount under spending authority due to: a) increase in net interest revenue mainly due to gains from land sale, b) decrease in Young Farmer Rebate (YFR) due to the rebates expiring on loans that were approved during the high activity levels of the late 1990's and lower than anticipated new loan activity, and c) decrease in the provision for Flood Proofing Loan Program due to greater than anticipated rate of decline in the loan portfolio, partly offset by d) increased provision on individual loan guarantees.*

3. *$ 382.0* — *Provision for Impaired Loans – An increase in the provision for impaired loans due to the economic downturn resulting in higher arrears and loan balances.*

Appropriation 4
Agricultural Development and Marketing

The Agricultural Development and Marketing Division provides specialist services to field staff, producers and food processors. The branches within the division are Marketing and Farm Business Management, Animal Industry, Veterinary Services, Soils and Crops, and the Food Development Centre.

Appropriation 4 (a) - Marketing and Farm Business Management

The objective of the Marketing and Farm Business Management Branch is to strengthen the competitive position of Manitoba's agriculture and agri-food industry in the global marketplace. In support of this objective, the branch provides reliable and unbiased marketing and farm business management services and information, facilitates industry promotion through collaboration and alliances, and partners in building a more diversified rural Manitoba through leadership development of youth, families and communities. The branch is committed to excellence in information dissemination, consultation and training. Timely delivery of programs and services is supported with media promotion, reference materials, publications and other resources.

The branch achieved a variety of results in the following areas during 2003/2004:

Agricultural Societies

Agricultural Societies are the longest standing organization in many rural communities. Their objectives include leadership development, improvement in agriculture, horticulture, and home living as well as the overall promotion of the progress of agriculture.

Agricultural Societies provide a focal point to educate urban and rural constituents about agriculture. Many Agricultural Societies promote agriculture awareness through activities such as Brandon's Provincial Exhibition "Through the Farm Gate" program, Red River Exhibition's "Farm Family of the Year" program, and partnering with Agriculture in the Classroom-Manitoba on their "Amazing Grains" school tours, as well as displays and activities at fairs and trade shows.

Agricultural Societies partner with other organizations including 4-H, the Manitoba Women's Institute, and Manitoba Agriculture, Food and Rural Initiatives (MAFRI) on seminars, tours, and educational displays. Other community organizations and local governments also derive direct economic benefits from the agricultural society's activities.

There are 62 agricultural societies in Manitoba comprised of about 12,000 members who volunteer their time for agricultural society activity. It is estimated that over 160,000 people attend the fairs and exhibitions annually, generating over $1 million of revenue into rural Manitoba.

The department provided grant assistance of $368,400 to agricultural societies for fairs, exhibitions, educational events, as well as building improvements and equipment purchases. Along with the general administration of the program, grant assistance is also provided to the Manitoba Agricultural Hall of Fame and the Manitoba Light Horse Association.

The department is responsible for the administration of *The Agricultural Societies Act*, which includes the activities of a superintendent. The superintendent works in the program areas of leadership and community development with the Manitoba Association of Agricultural Societies Advisory Board and is also responsible for the Century Farm Program.

Century Farm Program

The Century Farm Program recognizes and honours pioneer farm families who have maintained a farm in one family for 100 consecutive years.

In 2003/2004, 56 farm families received Century Farm recognition for their contribution to Manitoba's agriculture and agri-food industry. Over 1,300 Manitoba farm families have been recognized through the Century Farm Program. MAFRI works with the Manitoba Historical Society in determining the eligibility of the nominees.

Home Economics

The focus of the Home Economics Section is to build decision-making skills and knowledge that achieve prosperity for farm families, agri-businesses, rural organizations, and communities. These programs and services are developed recognizing that people-based decisions are key to the sustainability of family farms, value-added businesses, and rural communities.

With the current agriculture environment of farm crises, family stress, and financial constraints, many farm and rural individuals are faced with challenging situations. The section supports the delivery of the Manitoba Farm and Rural Stress Line which was established in December 2000 and funded by Manitoba Health, with Klinic contracted as the delivery agent. A directory of human resource services is accessed on the Stress Line's website. Staff also responded to increasing client requests through a new email service as well as the toll free telephone service. An advisory board provides policy and program direction.

Home Economics provided a catalyst role and ongoing support to the development of the Rural Community Support Team (RCST) approach to assist individuals and communities in dealing with stress and challenges of the bovine spongiform encephalopathy (BSE), equine ranching (PMU), tuberculosis (TB) and drought crises. This included:

- staff support and consultation;
- distribution of 1,200 packages of extension resources to staff for use with local professionals and RCST members;
- provision of two training sessions on farm stress for staff and professionals (55 people);
- facilitation of Manitoba Farm and Rural Stress Line involvement with local educational and awareness initiatives.

As Manitoba farmers, age 55 and over, comprise 31 per cent of the farming population, it is anticipated that 70 per cent of farms will transfer ownership within 15 years. The section worked with industry partners in developing and delivering family farm business transfer programs that are focussed on young and beginning farmers assuming management of the farm business. Efforts include:

- Project 2000, which involved chairing the Management Training Credit (MTC) committee, reviewing appropriate university, college and departmental courses, and adding 41 new courses to the MTC course calendar. Once completed, these courses qualify farm clients for the interest rate reduction on their Manitoba Agricultural Credit Corporation (MACC) Young and Beginning Farmer loan. Project 2000 also assisted with the *"Farming with Young Children"* and *"Local Ag Offices – Your One-Stop Shopping Centre"* articles and the Growing Opportunities newsletter.
- family farm business advisor resources, which targeted professionals (lawyers, accountants, insurance agents, farm management consultants/specialists, and home economists) who work directly with farm families in two training seminars held in Brandon and Winnipeg. Ninety attended and 48 purchased a new or updated manual in hard copy, compact disc, or Internet format.
- farm family financial decision-making resources, including 14 financial fact sheets, 12 family living fact sheets and internet posting, delivery of three training presentations reaching 110 participants, updated budget guides database related to family living costs.

- work within the Canadian Agricultural Skills Service under the Agricultural Policy Framework, in conjunction with Manitoba Education and Training and Agriculture and Agri-Food Canada (AAFC), to design and deliver a new on-farm and off-farm skills training and education program for lower income and beginning farmers.

Support to entrepreneurial and value-added business development is a priority in helping farm families diversify their income. Section activities and resource development in support of value-added/diversification included:

- development and delivery of new resources and training events (reaching 160 producers) to educate meat producers about the Food Safety Regulations and marketing challenges related to direct meat sales;
- *Kitchen to Market Pack*, an extensive update of the Blue Boxes and the related Internet pages resulting in the addition of four new and 45 updated resources, bringing the total number of information pieces to 113;
- three presentations to 45 entrepreneurs, 72 in-depth consultations to clients (in person or web-based), 52 in-depth consultations to assist staff with local value-added clients;
- contributions to the partnership project with Wellness West in the development of a commercialization roadmap focussing on nutraceutical and functional food product development.

The Section delivered food safety and quality messages to consumers and food processors, including:

- further development of The Food Safety Connection initiative to include an on-line educational course available on our website, as well as a Food Safety Jeopardy display for trade shows and fairs;
- 64 food safety consumer calls, referred by the Province of Manitoba's At Your Service information line;
- development of Food Safety Feature Web Pages featuring 17 fact sheets and 30 Internet links that provide information related to consumer education, on-farm food safety, and safe processing of food products;
- revision, translation and web publishing of *How Safe is Our Food?* and *Ensuring a Safe Food Supply* fact sheets;
- membership in the Canadian Partnership in Food Safety Consumer Education campaign, resulting in distribution of *Mrs. Cookwell* food safety education for adult consumers;
- completion of 14 brochures in the Living with Livestock Production series, in conjunction with Animal Industry Branch, Soils and Crops Branch, and other stakeholders, on topics of concern to consumers regarding livestock operations. These brochures, available in French and English, are also on the Internet.
- risk communication skills training, including four training sessions by two study groups, as well as two training presentations to Masters in Rural Development students, and a follow-up session with Manitoba 4-H Council.

Leadership skills assist in the development and support of community leaders and rural organizations and businesses. Activities and resources supporting leadership skill development include:

- departmental representation on the Manitoba Women's Institute Provincial Board, which was granted $35,300 for operations and programming. The Board's primary focus is on leadership development.
- support to the 17th Manitoba Farm Women's Conference which attracted 175 participants;
- delivery of staff and client leadership training at three events reached 115 people.

4-H and Youth

The 4-H and Youth Section provides leadership and skill development opportunities for rural youth (age 8-19), families, and communities. The 4-H program builds community leaders, trains youth in public speaking and meeting management and provides a wide range of project work. Section staff support Manitoba 4-H Council in their provincial programming and partner with other rural programming such as Agriculture in the Classroom – Manitoba (AITC-M), Manitoba Education and Training, and farm safety organizations seeking agriculture awareness and farm safety information.

During the year, 4,370 4-H members were mentored by 1,847 adult 4-H volunteers. Membership was 57 per cent farm based, 30 per cent rural non-farm based, and 13 per cent urban.

The section, in co-operation with regional and district staff, provided programs, resources, and support at regional, district, and club levels. 4-H staff developed and distributed 18 different skill project series encompassing 68 4-H projects, 99 videos, handouts, books and kits, and 37 4-H organizational and promotional resources. 4-H staff coordinated the 4-H Discovery Zone Box which included leader teaching materials for Meeting Management, Communications, Quality Equation, Recreation and Achievement, Agricultural Awareness, and Flex Your 4-H and Safety.

Manitoba 4-H Council provides the provincial level for volunteer involvement in 4-H policy and program direction. This Council consists of 12 junior and senior directors representing six 4-H regions, Manitoba Agriculture, Food and Rural Initiatives (MAFRI) staff, one representative to the Canadian 4-H Council and one Manitoba 4-H Ambassador.

The Section provides organizational support, leadership skill development training, and direct service to Manitoba 4-H Council participants and programs including:

- strategic planning and goal setting
- provincial, national and international 4-H leadership activities for 453 members and 193 leaders
- Provincial Communications competition involving 148 members
- National 4-H Careers Conference, the only Canadian 4-H Council program delivered outside of Ontario, hosted 30 Manitoba 4-H members and 15 members from other provinces
- 13 scholarships
- Northern 4-H leadership development activities brought 60 youth serving organizations together to deliver four educational training and fun activities for youth from Northern Manitoba
- Highway Clean-Up program sponsored by Transportation and Government Services in which 86 4-H clubs participated by cleaning 1,058 kms of highway and raising $22,976.00 for 4-H activities
- five issues of the Banner (provincial 4-H magazine) reaching 3,500 4-H families
- 4-H web pages for both MAFRI and Manitoba 4-H Council promoted 4-H opportunities and benefits to youth and rural communities

The 4-H Program staff participated in the Rural Forum inter-governmental initiatives:

- 4-H staff delivered a leadership training workshop to 30 high school students and also presented on the benefits of youth involvement in 4-H to 20 Aboriginal Leaders in the Aboriginal Stream.

In co-operation with Manitoba 4-H Council and stakeholders, new initiatives in Manitoba's 4-H program include:

- Quality Equation (QE) principles continue to guide the 4-H Program in Manitoba. Quality People + Quality Projects + Quality Experience = The Quality Equation.

- 4-H Quality Builder Teams. Regional teams of 4-H leaders work collectively with the 4-H regional specialist to determine local needs and create action plans for training and mentor support to 4-H clubs and districts in their area.

- 4-H Club Pack. QE Pack – over 65 examples of QE appropriate activities that will be distributed to each 4-H Leader in the province this year.

- 4-H Aboriginal Feasibility Study, in partnership with Canadian 4-H Council and Agriculture and Agri-Food Canada, worked on a national feasibility study to determine the need and willingness of stakeholders to proceed with initiating 4-H programs for Aboriginal youth in rural Canada.

- A newspaper insert was delivered to 197,000 farm families in Manitoba promoting the benefits of 4-H involvement and opportunities available to rural communities.

- The unveiling of a new Manitoba 4-H Council website that provides information, opportunities and resources and enables communication with 4-H members and leaders across the province and country.

Manitoba 4-H Council's Cumulative Sponsor Recognition program acknowledged sponsors who contributed both financial and in-kind to Manitoba 4-H Council, as well as contributors to the Manitoba 4-H Endowment Fund Foundation. MAFRI was recognized as a Keystone Club Sponsor ($150,000 - $249,999). Two sponsors were recognized in the White Spruce Club ($75,000 - $149,000); three in the Buffalo Club ($25,000 - $74,999) and four in the Grey Owl Club ($10,000 - $24,999).

Honouring 4-H participants is integral to the sustainability of Manitoba's 4-H program. Two hundred and eighteen leadership certificates, signed by the Minister of Agriculture, Food and Rural Initiatives, were presented to leaders recognizing years of service. The Minister officially recognized the 4-H program through the proclamation of Manitoba 4-H Week.

Farm and rural safety and health continued to be a focus of 4-H. MAFRI and Manitoba 4-H Council partnered with Community Farm Safety Project and Canadian Agriculture Safety Project to further the development and promotion of the Age Appropriate Tasks Farm Safety Display. The goal of the display is to increase awareness and use of the North American Guidelines for Children's Agricultural Tasks (NAGCAT). The display, designed for young people 8 to 12 years of age and their parents, raised awareness about making safe choices when on the farm. 4-H purchased and distributed interactive Safe Animal Handling Safety CD's to all livestock clubs in the province. Safety has been adopted and incorporated as one of the 15 key principles of the Quality Equation. The 4-H catalogue of supplies features 16 safety resources and highlights partnering organizations such as Farm Safety 4 Just Kids, Red Cross and MAFRI staff. The 50 Discovery Zone Boxes used by 4-H leaders and staff includes eight safety activities that can be used by 4-H clubs.

Student and teacher awareness of agriculture is a priority for the 4-H and Youth Section with staff working closely with Manitoba Education and Training to provide curriculum specific agricultural information and resources. A staff member is a board member of Agriculture in the Classroom – Manitoba (AITC-M). MAFRI, in partnership with AITC-M and commodity groups, provided information on agricultural awareness to an estimated 3,500 people at six major Manitoba events, including activities in the 4-H Discovery Zone Box.

In co-operation with departmental staff and industry stakeholders, the concept of "Where's Agriculture?", an agriculture awareness initiative, continued to be widely used in community events, classroom presentations, and school tour activities. Three thousand brochures were distributed in Manitoba. The "Where's Agriculture?" graphics continued to be used by British Columbia, Nova Scotia and Saskatchewan agriculture awareness programs, with expansion into Alberta and Australia programs.

Farm Management

Farm Management focuses on building and strengthening producer management practices directed at maximizing business net income through effective production, marketing, human resources and financial management activity. The Farm Management Section supports local and regional staff initiatives by providing resource materials on financial management, risk management, estate planning, and available agricultural assistance programs.

Staff maintain 36 cost of production budgets that are revised annually or periodically. In excess of 28,000 copies of these budgets were distributed to farmers, financial institutions, private sector, universities and government staff. An Information Update series is provided on tax and legal issues, insurance and family farm succession. Most of the Cost of Production Budgets and Information Updates are available

electronically on MAFRI's website with 89 publications and 68 downloadable software programs under the Farm Management section. The information available on the website attracts over 9,400 hits per month.

Farm management staff were involved in the development and delivery of the Renewal and Risk Management pillars under the implementation of the Agricultural Policy Framework (APF) for Manitoba.

The details of the Risk Management pillar of APF, specifically the Canadian Agricultural Income Stabilization (CAIS) program, was made known to producers and staff through 20 seminars held throughout the province. Staff continued participation in the Manitoba Safety Nets Committee to determine the impact of the APF on Manitoba.

Negotiations with Agriculture and Agri-Food Canada (AAFC) on the details of program delivery for programs such as the Canada Farm Business Advisory Service, Canada Agricultural Skills Service and Managing Risk Education programs were undertaken.

The BSE situation called upon farm management resources to work with other various MAFRI branches and industry in providing programs and resources to staff and producers. Computer software was developed for the Animal Industry Branch (AIB) to calculate estimated payouts from the Canada/Manitoba BSE Recovery program. Farm management also assisted in providing the details of the various BSE government programs to extension meetings and seminars for staff and producers.

Farm management continued to be actively involved in the Bridging Generations Initiative (BGI) in the delivery and development of courses for producers with other provincial educational institutions. Three teaching modules for this purpose were developed.

The Young and Beginning Farmers Committee is committed to young and beginning farmers, and assistance is offered through existing programs as well as the improvement and development of programs specifically targeted to this client group. With the addition of new areas to investigate in regards to the role new farmers and small farms have in the province, the Committee has a mandate for 2004. Support was given to the Turtle Mountain Community Development Corporation in the undertaking of their study entitled "Successful Small Farms". The Committee assisted with the fourth Recapturing Wealth on the Canadian Prairies Conference held in 2003. The conference was organized in partnership with the University of Manitoba, Farmer's Independent Weekly, the Government of Manitoba's Roundtable on Sustainable Development, Manitoba Habitat Heritage Corporation, Mennonite Central Committee, and Keystone Agricultural Producers. In 2003, the conference traveled to four communities (St. Pierre, Pilot Mound, Dauphin and Riverton) to explore what it means to be successful in rural Manitoba. Over 150 attendees listened and questioned Dr. Fred Kirschenmann, Director of the Leopold Centre for Sustainable Development, and Stuart Laidlaw, Toronto Star, on this topic and it's relevance to their communities.

Farm Management staff represent MAFRI on the Canadian Farm Business Management Council and assisted in the signing of a new agreement with AAFC under APF for the continuation of the council and its activities. Manitoba became an associate member of the National Farm Transition Network, formalizing a relationship of the past four years. The National Farm Transition Network is a US based organization comprised of state governments, extension, and non-profit organizations that focus resources and programming on farm succession.

The Marketing Extension Team supported communication by the marketing staff, connecting with international buyers and field staff who have contact with producers/sellers/exporters of Manitoba's agricultural and agri-food products. In order to strengthen communication flow, a staff newsletter was created.

Staff continued to organize and develop extension resources to the Mentoring Program and Enhanced Awareness Program components of Project 2000. The Mentoring Program, designed to increase farm business management skills of Manitoba's young and beginning farmers, involved five regional groups,

41 participants, and 32 mentors. Enhanced Awareness resources were developed to highlight MAFRI program services to this target group. Manitoba Agriculture Credit Corporation's (MACC) Beginning Generations Initiative, announced in early 2002, required the development of administrative procedures and programming for the Management Training Credit (MTC) component. Staff assisted 183 eligible BGI clients with training program development and participation issues for the MTC undertaking.

Staff are involved in new investment initiatives including the assessment of foreign individuals interested in agriculture operations in Manitoba. During the year, assessment reports were completed on 40 agricultural applicants to the Provincial Nominee Program for Business Immigrants. Thirty-four applicants were approved for nomination. This work continues to be a joint effort in conjunction with Industry, Economic Development and Mines, as well as Labour and Immigration.

Farm Safety and Health

This initiative, introduced by the Ministers of Labour and Immigration, and Agriculture and Food in 2002, continues to bring collaboration and focused resources on agricultural safety and health issues in Manitoba.

Five key areas have been targeted:

- Training in hazard recognition and control for service providers and clients
- Technical guidance for organizations pursuing injury prevention/health promotion
- Resource development for farm families
- Public promotion of prevention strategies
- Research and development of technical data

Achievements during the 2003/2004 fiscal year included:

- Launch of a partnered campaign to alert producers to the hazards of moving oversized equipment
- Publication of a statistical farm fatality and injury overview as part of an overall Provincial Farm Safety Coordinator Report
- Inclusion of safety and health in the Manure Applicator Certification Training
- Identification and inclusion of farm safety and health in the University of Manitoba's "Aging and Health in Rural Environments" five year research project
- Initiation of the development of a "Guide for Community Based Agricultural Safety and Health Promotion" in cooperation with Manitoba Hutterite educators
- Distribution of the "Farm Family's Safety and Health Checklist", a companion resource to the Farm Family's Safety and Health Guide, which was released last year

Agri-Ventures

The Agri-Ventures Section focuses on new and emerging opportunities in industry development and business management through marketing capabilities and increased utilization and commercialization of agricultural commodities. Agri-Ventures staff provided consultation in industry development, business planning, pathfinding services, and referrals for financing, market information, and competitive business intelligence.

The Manitoba Agri-Ventures Initiatives (MAVI) program makes funding assistance available to facilitate industry development and business ventures that will create new uses for agricultural products, add value and develop new markets for agricultural commodities and food production in Manitoba. Twenty-three projects received funding approval for the development of information on business feasibility, planning, and market investigation. Types of projects funded included: pulses, hemp, horticulture, cattle, hogs, organic products, new food products, agri-tourism, and ethanol.

Staff continued to support inter-government collaboration in collecting, assessing, and sharing information under the Memorandum of Understanding on Canada-Manitoba Co-operation in International Business Activity. Over 3,300 Manitoba companies were jointly surveyed to determine export interest as well as market potential resulting in information used to populate the provincial Manitoba Companies Database and shared with the Virtual Trade Commissioner information system.

Staff provided support to initiatives of technology transfer and resource development including collaborative work on the Directory of Agriculture and Food Ventures in Manitoba and the Regional Cuisine Contact Directory.

Agri-Ventures staff provided assistance to groups involved in agri-tourism and direct farm marketing. In partnership with the national agri-tourism network, regional agri-tourism networks continued to develop business opportunities in several areas of Manitoba. The 2003 Direct Farm Marketing Conference provided 149 participants with the opportunity to learn new market trends, share marketing skills, and increase business contacts.

Agri-Ventures staff provided information and assistance at events including: Ag Days, Horticulture Industry Days, Rural Forum, Ag Fibre Conference, Association of Manitoba Municipalities provincial meetings as well as regional events. Agricultural economic development assistance was also provided to the Manitoba Herb Society, Medicinal and Aromatic Plant Association, Manitoba Seabuckthorn Growers, Manitoba Beekeepers, Manitoba Pulse Growers, Manitoba Elk Growers, Manitoba Vegetable Growers, Prairie Fruit Growers, Manitoba Forage Council, Organic Producers of Manitoba, Manitoba Country Vacations, Conseil de developpement economique du Manitoba, Canadian Organic Marketing, Manitoba Limousin Association, Manitoba Buckwheat Growers, and Manitoba Food Processors.

The section, in partnership with the Community Economic Development (CED) Working Committee, works to support business opportunities and value-added initiatives in Manitoba communities through community and economic development organizations and agencies, regional agri-venture focus groups, Manitoba Chamber of Commerce, and local chambers.

Staff coordinates with the French Language Services Secretariat in ensuring comparable quality service to Manitoba's French-speaking population as well as contributing to francophone community economic development, and developing linkages with francophone regions throughout Canada and the world.

Market Development and Promotion

The Market Development and Promotion Section is responsible for market development activities in Canada, the U.S., Europe, and the Middle East. The section works collaboratively with industry in strengthening existing markets and developing new markets for provincially grown and processed agricultural and agri-food products.

The section provided information and consultation to producers, processors, marketing boards, commodity associations, staff, and industry partners for market development. Staff identified market trends and provided support for incoming and outgoing trade missions, while linking out-of-province buyer interests with Manitoba companies.

Staff assisted with 35 incoming missions from Belgium, United Kingdom, Germany, Africa, Greenland, Sri Lanka, Australia, United Arab Emirates, Iceland, Ukraine, Russia, Iran, Egypt, Denmark, the Netherlands, India, Italy, the U.S., and France.

With a focus on value-added food investment and immigration, staff assisted with the participation of Manitoba companies in trade shows such as Salon International de L'alimentation (SIAL) to promote value-added food, organic products, grains, and pulse crops as well as the World Dairy Expo in Madison, Wisconsin, the Food Marketing Institute show in the U.S., and the Canadian Produce Marketing Association trade show in Montreal.

Section staff partnered with industry at Ag Days, Hog and Poultry Days, Rural Forum, Association of Manitoba Municipalities, and Manitoba Potato Days. In partnership with industry, staff explored market opportunities for oriental-style vegetables produced in Manitoba. Staff were involved in planning the Ag Fibre Conference held in Winnipeg.

Assessments were conducted by staff on priority and emerging markets in keeping with the Federal/Provincial Market Development Council (FPMDC) initiatives. Staff participated in the U.S. and European sector teams for the Canadian International Business Strategy (CIBS) providing input into the national program to reflect needs of Manitoba's agriculture and agri-food sector.

Support by staff to the Federal/Provincial Steering Committee on Investment focussed on inter-provincial coordination of activities to enhance investment in the agriculture and agri-food sector. Staff also worked with the North American Agricultural Marketing Organization (NAAMO) to compare initiatives, programs, and mechanisms to enhance effectiveness of program delivery.

Staff supported the Memorandum of Understanding on Canada-Manitoba Co-operation in International Business Activity, which facilitates a co-operative government and industry approach to trade development in Manitoba. MAFRI staff demonstrated its commitment to this collaboration through participation in the Executive Committee, Management Committee, Trade Advisory Group, and the Agri-food Trade Coordination Group. Results of the involvement included CEO breakfast events, enhanced communication, trade calendars, coordinated trade events, and use of resources.

Staff worked with the Manitoba Food Processors Association (MFPA) and the Promotions Committee of Manitoba commodity boards in promotion of Manitoba food products including the coordination of mall trade shows, representation on the Board of Directors of the MFPA, and involvement in the Manitoba Cuisine Tourism Council.

Section staff updated resource materials for the Manitoba Food Products Directory and produced a printed and web-based exporter directory for dairy and forages, display materials and food related publications such as Spirited Entertainment. The Great Tastes Initiative was continued with the program series on local television networks, as well as local print media promotion in partnership with industry and producer associations. A new video highlighting the livestock, grains, oilseeds, and value-added food sectors was developed.

Sustainable Development

In 2003/2004, the Branch participated in a number of sustainable development activities, taking into consideration the Principles and Guidelines of Sustainable Development.

Stewardship (Principle #2)

- In the *Agriculture and Food Ventures in Manitoba* directory, emphasis was placed on including companies that deal in wild harvested products and certified organic production. The northern community plays a key role in the growth and success of the wild harvested products sector, and in the organic sector, strong support has been provided to small businesses, community based businesses, and co-operatives. Also, as consumers increasingly request information on food additives and the use of agriculture based chemicals, the section supports agri-businesses that use the eco-label or the energy star symbol.

- The Market Development and Promotions Section supported greater participation of the Aboriginal community in the development of export market for a number of agricultural commodities, products, and services. There is increasing market interest in organically produced commodities, particularly in the European market. As there is an increasing demand for organically produced commodities in our export markets, the section promotes the export readiness of Manitoba organic producers to further encourage this sustainable agricultural practice.

Shared Responsibility and Understanding (Principle #3):

- Manitoba's 62 Agricultural Societies are committed to providing leadership, thereby contributing to the sustainability of the social and economic structure of rural communities. This is provided through the rural fairs and exhibitions held throughout the province, as well as through Agricultural Societies hosting seminars and activities to provide information in support of sustaining the economic, environmental and social well being of rural farm families. The Manitoba Association of Agricultural Societies (M.A.A.S.) also organized and hosted the Agricultural Societies Annual Conference with 36 societies and 125 participants attending workshops, as well as the annual general meeting which discussed topics of mutual interest to societies around the province.

- The Home Economics Section, through dissemination of information and the delivery of community-based training, contributed to the leadership and skill development of rural people. The section also provided consumer, producer, and processor education related to the safe handling of food which encouraged stakeholders to make responsible decisions related to the safety of the food supply. The Home Economics and Farm Management Sections also facilitate the development of family farm business transfer information as well as training for farmers and professional advisors working with producers.

- The Farm Management Section provided 36 cost of production documents that provide guidance in evaluating the profitability and sustainability of the production sectors within agriculture. These guidelines are updated and new ones developed when opportunities for Manitoba producers are identified. Farm Management continued to provide support for the Young and Beginning Farmers Committee, Bridging Generations Initiative, and Project 2000. The commitment to provide programming and resources to this target group is important to ensure the viable transfer of the industry to the next generation.

Rehabilitation and Reclamation (Principle #6):

- The 4-H and Youth Section provided support, resources, and leadership for 227 4-H clubs in rural and northern communities involving 4,370 youth (ages 8-19) and 1,847 volunteer leaders. The 18th annual 4-H Highway Clean-Up Campaign also took place.

4 (a) Marketing and Farm Business Management

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	1,888.8	31.04	1,679.7	209.1	
(2) Other Expenditures	1,023.8		1,014.8	9.0	
(3) Agricultural Societies Grant Assistance -Grants/Transfer Payments	364.2		368.4	(4.2)	
(4) Other Grant Assistance -Grants/Transfer Payments	43.3		42.8	0.5	
TOTAL EXPENDITURES	3,320.1	31.04	3,105.7	214.4	

Appropriation 4 (b) - Animal Industry

The Animal Industry Branch provides technical support, specialized services, and information to regional extension staff, producers, the food industry, and consumers. These services are aimed at enhancing the development, productivity, diversification and skills of Manitoba's livestock producers and processors. The branch also administers regulations pertaining to *The Dairy Act, The Margarine Act, The Livestock Industry Diversification Act, The Livestock and Livestock Products Act,* and *The Animal Liability Act.* The Branch is comprised of three sections: Livestock Development & Diversification, Food Quality & Product Development, and Production Quality & Safety.

Section staff are engaged in extension activities in co-operation with regional and district extension staff. All staff were involved in aggressively addressing industry challenges such as bovine spongiform encephalopathy (BSE), reduction in Pregnant Mare Urine (PMU) contracts, trade actions against the Canadian hog industry and Avian influenza. The branch worked with industry to develop their work plans for the year, ensuring branch programs are focussed in areas needed by industry. Technical expertise and information is distributed through workshops, demonstrations, mass media, personal contact, publications and Manitoba Agriculture, Food and Rural Initiatives' (MAFRI) internet site.

Staff are involved at the national level in the development of harmonized national legislation for food, the dairy sector regulation and code, the meat regulation and code, and on-farm food safety programs.

Livestock Development & Diversification Section

The role of this section is to co-operate with industry to develop and deliver programs that will have maximum impact on animal agriculture and to improve extension capabilities and visibility through participation with regional staff at producer meetings. This section administers the following acts and their regulations: *The Livestock Industry Diversification Act, The Livestock and Livestock Products Act,* and *The Animal Liability Act.* Section staff worked on updating the Elk Game Production Regulation and developing the Wild Boar Regulation.

Beef Cattle

The beef feeder and feedlot specialist and the beef cow/calf specialist provided technical support to regional staff, producers, and industry representatives. Staff were invited to speak at 61 producer meetings, providing information on management, marketing techniques, and current issues facing the beef industry. Staff provided unbiased information and assistance to new producers interested in entering the beef industry. Information was also provided through farm and phone consultations. Staff visited all 15 stock yards for a total of 30 yard visits to check licenses and discuss problems related to *The Livestock and Livestock Products Act.*

Staff revised fact sheets, web pages, and other extension material, and developed new and relevant information packages that were aimed at producers, to improve production and profitability parameters. Provincially co-ordinated activities such as tours, workshops, and extension material were made available to all groups within the industry. The focus of these activities was the productivity and sustainability of the Manitoba beef industry.

Staff maintained a computerized registry for 5,904 livestock brands. Licences were issued to 104 livestock dealers and 93 agents.

Dairy

Staff, in conjunction with the Manitoba Milk Producers Marketing Board, conducted in-depth, on-farm, milking time management consultations to assist producers in correcting elevated somatic cell count problems and improving herd udder health.

An active program of on-farm consultations was also conducted in management areas unrelated to udder health problems. In addition, extension and training presentations were delivered to audiences of producers, staff, industry, and university/college students. In addition, particular focus was placed upon reproductive management and lameness control on farms.

Staff were actively involved in updating and redesigning the department's dairy website to be more user-friendly and informative. Cost of Production Guideline documents were also updated.

Staff provided considerable technical support to producers renovating facilities. In addition, possible future replacement stock markets were investigated with federal marketing departments.

Swine

Manitoba continued to work with the industry that produced approximately 7.3 million pigs during 2003/2004.

There were four issues of the *Manitoba Swine Update* produced by staff and distributed to Manitoba producers through the Manitoba Pork Council. Copies of the *Manitoba Swine Update* are distributed to clients throughout many regions of the world. Considerable time was dedicated to planning and organizing the Manitoba Swine Seminar, which attracted more than 350 participants. The theme of the seminar was "Sharing Ideas and Information for Efficient Pork Production" and featured a professionally prepared proceedings book. Articles from the *Manitoba Swine Update* and the proceeding papers from the *Manitoba Swine Seminar* were posted on Manitoba Agriculture, Food and Rural Initiatives' Pork Website.

Staff participated in the department-wide initiative to increase swine production knowledge through producer meetings, updating cost of production guidelines, preparing three articles for the Nutrition Update, and participating in the organization of the "Western Nutrition Conference 2003". In addition, staff contributed to the development of two new fact sheets and one updated fact sheet in the "Living with Livestock Production" series and contributed considerable information to the recent provincial ethanol initiative.

The rapidly expanding swine industry in Manitoba created a demand for a significant number of trained swine care workers. Staff participated on the Pork Production Training Committee, which developed the Pork Production Manager Training Program, and provided input toward the development of the Pork Production Technician Apprenticeship program. The swine specialist was involved in providing feeding recommendations in response to requests from producers, veterinarians, and agri-business.

In conjunction with the Marketing and Farm Business Management Branch, staff provided informational presentations about pig production in Manitoba for international clients from Japan, Australia, and China.

The swine specialist was appointed as a member of Manitoba's Phosphorus Expert Committee and participated in several committee meetings, as well as assisting with the organization of the Agricultural Phosphorus Workshop in April 2003. There were more than 140 participants at this workshop.

Dairy Nutrition

Through the Dairy Nutrition Program, staff work to ensure that those involved in dairy production have access to the most current technical information on nutritional practices. The demand for nutritional

services came from a variety of sources including producers, Manitoba Agriculture, Food and Rural Initiatives (MAFRI) staff, feed company representatives, and practicing veterinarians.

Practical and detailed feeding recommendations were provided in response to feed analyses, farm visits, and verbal requests. Recommendations on ration formulation and feeding practices were made by mail and telephone to producers, veterinarians, and agri-business.

Staff continued to organize and chair quarterly meetings of the Manitoba Practising Animal Nutritionists Group to increase discussion, understanding, and co-operation within the feed industry.

During 2003/2004, 34 major presentations on various aspects of nutrition were given at producer and staff meetings. Bi-monthly articles on nutrition were written for the Manitoba Milk Producers' newsletter, *Milkline*. Three issues of *Nutrition Update*, a technical newsletter prepared for department staff, veterinarians, and feed industry representatives, were published. As well, two fact sheets were either written or revised. A major extension activity was the development and delivery of "Winter Feeding Strategies", a series of workshops held in conjunction with the provincial cow/calf specialist. These one-day workshops were delivered at 20 locations with over 500 people in attendance. As well, one "Cattle Nutrition Workshop" and one "Silage Production Workshop" were held.

Equine

Equine extension and technology transfer in the areas of equine ranching, light/pleasure horse, feedlot, and hobby horse industries were carried out through staff and producer contacts. Technical information was prepared and coordinated for individual industry magazines and in response to requests from individuals.

The Equine Extension Program is designed to ensure that producers and owners of horses, breed associations, the Manitoba Horse Council, other government departments, and the general public have access to the most current technical information on the equine industry. The equine industry recognizes that industry standards and guidelines, as set out in *Codes of Practice*, inform the public about responsible animal care. This commitment led to the initiation of a National Horse Code for Canada. The Recommended Code of Practice for the Care and Handling of Horses on Equine Ranching, (PMU) Operations is now part of the Recommended Code of Practice for the Care and Handling of Farm Animals: Horses.

The Equine Extension Program, in co-operation with the 4-H Program and Manitoba Equine Ranchers, has implemented a 4-H Young Horse Development Project. This project involves Manitoba Equine Ranchers with Manitoba-only bred PMU foals. The project commenced in 1998 and is continuing. Both Saskatchewan and Alberta 4-H adopted the program.

Bison

The role of the Bison Extension Program is to ensure that both existing and new producers have access to the most current technical information on bison production. The demand for bison information came from producers, department staff, financial institutions, feed company representatives, veterinarians, and consulting firms. Practical and detailed bison management recommendations were provided through industry meetings, farm visits, and 665 direct producer calls of which 70 were directly related to bovine spongiform encephalopathy (BSE) information. There were another 144 consumer direct calls and 102 e-mails regarding information on bison meat products. Bison production with First Nations involved another 90 calls.

Staff assisted the Manitoba Bison Association (MBA) in the promotion and guidance of various industry development activities. Activities included: one Bison seminar (55 attendees) and a bison annual meeting and seminar (35 attendees).

The specialist worked with the Canadian Bison Association in the ongoing development of the Canadian Bison Association On-Farm Food Safety Program. One workshop was held with 50 attendees and five First Nation producers.

The bison specialist provides extension support to the finishing industry. Due to BSE, 30 per cent of Manitoba bison producers who were shareholders in the North American Bison Co-operative, located in North Dakota, were unable to ship live animals. This resulted in a severe change in the Manitoba industry. The industry changed from a live animal marketing to a farm-gate marketing industry. Currently 85 to 90 per cent of the industry is involved in farm-gate marketing.

The Manitoba bison industry has 150 producers of which 86 are members of the MBA.

Sheep

The sheep extension program ensures that both existing and new producers have access to the most current technical information on sheep production. The demand for sheep information arises from producers, department staff, feed company representatives, veterinarians, and consulting firms. Five newsletters and continuous website updates were used to provide Manitoba sheep producers informed on current issues. Five fact sheets were developed to address nutrition issues in sheep production in Western Canada.

The sheep and goat specialist continued to participate in the steering committee of the Manitoba Sheep Industry Initiative, which was supported financially by the Manitoba Rural Adaptation Council Inc. (MRAC). The Manitoba Sheep Association Inc. (MSA) prepared another proposal, which received funding approval from MRAC. The second MSA project has a food safety, flock health, and a value chain component. The Western Canadian Flock Health Program is now being implemented in Manitoba.

The Canadian and Manitoba sheep industry has been adversely affected by the closure of the U.S. border. Marketing has been significantly disrupted, with decreases in returns to sheep producers. The disruptions in marketing will likely lead to an increase in the size of the Manitoba sheep flock.

In co-operation with MSA, department staff participated in a number of extension meetings and field days. The sheep and goat specialist is a member of the national sheep On-Farm Food Safety committee, the Leafy Spurge Stakeholders Group, and Manitoba Grazing School program committee. Four presentations were given to Saskatchewan sheep producers on sheep nutrition issues affected by drought and BSE. Manitoba's sheep and lamb industry is the sixth largest in Canada. The 2003 inventory consists of 41,500 ewes, which is 6.7 per cent of the total number of ewes in Canada. Manitoba has the largest feedlot operation in Canada, feeding 80,000 lambs annually.

Goats

The sheep and goat specialist and the Manitoba Goat Association (MGA) continued to work to develop a business plan to meet the needs of the industry. A number of consultations were dealt with by telephone. The MAFRI/MGA website continued to be updated. A series of production meetings were held in the Dugald/Anola area for goat producers. The goat industry is working on development of a national on-farm food safety program and a national identification program.

The number of Manitoba goat farms remained constant, and the number of goats increased to 13,000 in 2003. Manitoba presently holds seven per cent of the number of goats in Canada. The goat industry has not been impacted as severely as the sheep industry by the closed Unites States border. The main effect has been on breeding stock sales.

Livestock Environment

The livestock environment engineer and the livestock environment specialist promote the sustainable expansion of the livestock industry in Manitoba. The Livestock Environment Team develops strategies and disseminates information on the management of livestock manure and protection of land, air, and water resources in order to help the industry operate in harmony with its neighbours and the environment. The Livestock Environment Team works in co-operation with the MAFRI's regional engineers, livestock, soil management and conservation specialists, as well as Manitoba Conservation.

The *Farm Practices Guidelines for Hog Producers in Manitoba* were revised in 1998 and the *Farm Practices Guidelines for Poultry Producers in Manitoba* were revised in 2000. Revisions to the *Farm Practices Guidelines for Dairy Producers in Manitoba* began in 2001. All updates and revisions to the *Farm Practices Guidelines for Livestock Producers in Manitoba* have been put on hold while Governments proceed with legislative changes as a result of the Livestock Stewardship Initiative.

The Livestock Environment Team was involved in the development of the Province of Manitoba's position on the recommendations formulated by the Livestock Stewardship Panel as an outcome of the public consultations carried out in 2000. In 2002, the government announced legislative changes as a result of the Livestock Stewardship Initiative. As part of the decisions announced by government, the livestock environment specialist is participating in the drafting of the Manure Regulation under *The Pesticides and Fertilizers Control Act.* This includes the development of a training course with the department's engineers and soil specialists for custom manure applicators that will be offered by Assiniboine Community College. As well, the livestock environment specialist participated in the mandatory review of the Livestock Manure and Mortalities Management Regulation being led by Manitoba Conservation. The amendments to the Livestock Manure and Mortalities Management Regulation were passed on March 30, 2004. The livestock environment specialist also participated in the development of land use planning criteria for livestock operations under *The Planning Act.*

The Manure Applications Rate Calculator (MARC98) is the standard software tool for manure management planning in Manitoba. The MARC98 software is used by more than 400 users and 357 Manure Management Plans were registered with Manitoba Conservation for the 2003 crop year. The software can be downloaded from the MAFRI Home Page. A hard copy user manual from the Animal Industry Branch is also available. The MARC software is currently being reprogrammed to add flexibility to the program and to facilitate the electronic filing of manure management plans required by Manitoba Conservation.

The livestock environment specialist participated in an industry led pilot project for the development and assessment of on-farm ISO 14001 Environmental Management Systems for individual hog producers. The livestock environment specialist represented the Department on the Canadian Standard Association's (CSA) Technical Committee for the development of national, voluntary environmental management standards for hog producers. The CSA standard "Environmental management systems for hog operations: Requirements" was published in March 2004.

The livestock environment specialist served as a technical representative on the technical committees under the Prairie Provinces Committee on Livestock Development and Manure Management. Within the scope of these committees, prairie-wide design and construction standards for liquid manure storage structures have been drafted. The Manitoba version of the Tri-Provincial Manure Application and Use Guidelines were published in January 2004. These guidelines are also available on the MAFRI website. Manitoba is hosting the Tri-Provincial conference "Living with Livestock: Environment and Change" in 2004. The livestock environment specialist is the program co-chair.

The livestock environment specialist is a member of the committee that creates the "Living with Livestock Production" fact sheet series. These fact sheets are geared towards the general public and address issues of concern surrounding livestock production. In the spring of 2004, two new fact sheets were published which address the confinement of livestock and phosphorus in soil and water.

The livestock environment specialist participated on the MAFRI Sustainability Route Champion Team and the Federal-Provincial Implementation Committee for the Environment Chapter of the Agricultural Policy Framework (APF). The specialist's participation in the Environment Chapter of the APF also includes membership on the Environmental Farm Planning and Scan sub-working groups.

The livestock environment engineer has delivered numerous presentations on carcass composting due to the increased interest by producers. Carcass composting workshops are being held to teach staff and producers how to compost. Also, a carcass composting website and a carcass composting handbook are being developed to assist staff and producers with composting. The livestock environment engineer is also involved in research projects with the University of Manitoba pertaining to carcass disposal.

Routine information dissemination included numerous presentations to staff, industry, and the University of Manitoba on various issues surrounding manure management. The branch played a key role in training staff in other government departments.

Poultry

Poultry extension and technology transfer was implemented through workshops and meetings as well as individual producer contacts. Four industry and small flock seminars were organized with a total attendance of 164 people. Topics covered included feed withdrawal to reduce carcass contamination, problem solving, and breeder male management. Three newsletter articles were written and distributed with the *Nutrition Update*. The poultry specialist spoke at three regional egg producer meetings and one pullet producer meeting organized by Manitoba Egg Producers (MEP). Staff organized the poultry industry bus tour to the Midwest Poultry Federation Convention in St. Paul, MN.

Thirteen on-farm evaluations of barn ventilation systems were completed. For the first time, airflows in these barns were measured and compared to achievable targets. New monitoring tools including an airspeed gauge and a carbon dioxide monitor were used. Detailed airflow diagrams and summaries were provided to producers. One producer added extra inlets, which were recommended by the poultry specialist, and obtained good results, while another producer incorporated ideas from the ventilation report into the design of his new barn. The ventilation evaluations are continuing with strong producer interest.

A study in co-operation with the University of Manitoba investigating the influence of egg size on the shell quality of two strains of laying hens was completed. The results of the study were published in Nutrition Update and will be incorporated into a cracked egg workshop planned for next year.

Dry manure storage has been promoted as a more "neighbour friendly" method of storing laying hen manure. Producers have invested significant resources in dry manure storage, but have experienced significant problems with excess manure moisture and poor "stackability". To investigate these problems, the depth, moisture level, and nutrient content of manure was measured in seven dry manure storage structures. Contrary to common industry belief, feed was not a major factor influencing manure moisture level. Preliminary findings indicate that an airspeed of 80 feet per minute is needed across the manure belt in order to achieve the desired manure moisture. Methods of increasing airflow over the manure belt are being investigated. More frequent cleaning of the manure belts also appears to be helpful and a trail is being planned to determine the optimum frequency. One producer, in response to findings from the measurements taken at his farm, has already made changes in how often the belts are cleaned and has reported positive results. Presentations at MEP's regional producer meeting on the preliminary findings were well received.

A survey of cracks, egg weight, and specific gravity on nine 60 week-old flocks was conducted and the data will be used to provide standards to assist in the investigation of cracked egg problems. Arrangements were made for an egg packer specialist to tour six egg farms with mechanical packers. Many of the packers on these farms had not been maintained properly and proper packer maintenance was demonstrated. A workshop on Packer maintenance will be held next year.

Work continued on a barn environment and mist cooling model incorporating 10 years of hourly climate data for Winnipeg with results being reported to Manitoba Chicken Producers. Also, research literature pertaining to modeling misting and heat stress was reviewed.

Trials were conducted at three hatcheries to demonstrate how to use Smart Button temperature loggers to monitor egg shell temperature. These temperature loggers have never been used on hatching eggs and several advantages were documented. The Smart Button loggers can be used in hatchers without disturbing the eggs as the chicks start to hatch. The Smart Button loggers identified an unusual temperature drop in the hatcher at one commercial hatchery.

Organic poultry diets were formulated for people wanting to produce organic chicken, turkey, and eggs. The Poultry Specialist worked with a Manitoba distributor wanting to create markets for organic and natural poultry products in the U.S.

The poultry specialist and poultry technologist assisted in staffing the Manitoba Egg Producers' caged hen displays at the Red River Exhibition in Winnipeg and the Royal Winter Fair in Brandon. Over 30,000 people visited these displays.

The poultry technologist and the poultry specialist assisted with the documentation and blood testing for breeder flocks needing export permits. Branch staff, along with the Dairy Lab staff, tested all of the samples collected. The government-testing program supported the export of nearly four million chicks and poults to the U.S. Without the involvement of the province to oversee and provide third party verification of the results, these exports could not occur. The exports added approximately $6 million to the provincial economy in 2003. The testing program also helped to provide quality assurance to the customers in other provinces who purchased an additional $6 million of chicks, poults, and hatching eggs from Manitoba hatcheries.

Food Quality & Product Development Section

Under *The Dairy Act* and *Dairy Regulation*, the Food Quality and Product Development Section licensed 15 dairy processing facilities and 261 dairy industry personnel. Staff conducted 97 plant inspections and follow-up visits that ensured compliance with satisfactory manufacturing practices. Staff provided processors with technology transfer services and assistance in product and process development. These services and assistance were provided in a "trouble-shooting" capacity or during plant construction or expansion. The Pasteurization Control Program remained a high consumer safety priority for the branch. Inspection staff continued their collaborative work with The Canadian Food Inspection Agency in "single window" plant inspections.

The Provincial Dairy Laboratory performed 56,914 analyses on raw milk and 3,115 analyses on processed dairy products. Milk from each of the province's dairy farms was analysed on a monthly basis for bacteria, antibiotics, added water, and somatic cell count. The average somatic cell count in 2003 was 232,750, which was slightly lower than the 2002 average of 242,500, and far below the national standard of 500,000. Over 445 analyses for antibiotics were performed upon special request of the province's dairy producers while working with the dairy specialists, farm inspectors, or Manitoba Milk Producers. One thousand six hundred and twenty-three extension somatic cell count analyses were completed at the request of the dairy specialist or a veterinarian. Laboratory analytical results were employed in the certificate program administered by the Manitoba Milk Producers. The Provincial Dairy Laboratory strengthened antibiotic testing capabilities and worked closely with industry in this area.

Staff organized and delivered courses to dairy industry personnel such as bulk milk graders, milk receivers, and cheesemakers, and served as primary instructors in thermal processing courses offered through the University of Manitoba. Instruction was provided in Hazard Analysis Critical Control Point (HACCP) to several dairy processing plants.

Extension services toward industry development were provided through technical and marketing information to livestock processors in the province, for both food and non-food applications. On-site visits to meat and dairy processing plants province-wide were also an integral part of the section's activities. Staff were heavily involved in programs related to the BSE issue: Intergovernmental Committee on Deadstock and Butcher Waste Disposal, Canada/Manitoba BSE Recovery Program, BSE Coordinating Committee, Made in Manitoba Beef Fund, Rancher's Choice Beef Project, and Deadstock Pickup Program.

Staff continued to be actively involved in a variety of national committees pertaining to the quality of livestock products such as National Liaison Group on Milk Products' Quality, Federal-Provincial Dairy Committee, and the International Dairy Federation.

Staff provided a significant contribution to the ongoing development of harmonized food legislation for Canada including the National Dairy Regulation and Code, the HACCP Systems and HACCP-Based Program Recognition Protocol, and the National Meat and Poultry Regulation and Code.

Production Quality & Safety Section

The section was involved in the administration, enforcement, and development of agriculture and agri-food legislation. Inspectors in the section are appointed under *The Dairy Act, The Livestock Industry Diversification Act, The Livestock and Livestock Products Act*, and also have a limited appointment under *The Wildlife Act*. Section staff are also actively involved in the development of food safety programs for on-farm and government recognition criteria for HACCP-based programs and HACCP systems.

Dairy Farm Inspection Services

Under *The Dairy Act* and *Dairy Regulation*, the Production Quality and Safety Section provides farm inspection services to 548 dairy farms in the province. Inspectors conducted 660 dairy farm inspections that involved scheduled inspections, re-inspections, and compliance visits of cow, sheep, and goat dairies. Dairy inspectors also inspected bulk milk truck drivers for performance of duties such as sampling for quality, sample care, and truck sanitation.

Inspectors conducted 70 farm visits to assist producers in troubleshooting milk quality and safety problems and to review new construction. Information was provided to dairy producers to assist them in meeting required safety and quality standards for raw milk, and also to assist in improving productivity.

Staff provided processing plants with food safety and HACCP information, inspection services, and assisted in the organization and delivery of the Bulk Milk Graders' and Milk Receivers' Course.

Poultry Licensing and Inspection Services

Under *The Livestock and Livestock Products Act* and *Hatchery and Hatchery Supply Flock Regulation*, the Production Quality and Safety Section approved 63 hatchery supply flocks and issued licences to ten hatcheries. Staff conducted 115 poultry farm inspections to ensure compliance to safety and quality standards. The section also issued 15 poultry dealer licences and ten hatchery licences under *The Livestock and Livestock Products Act* and *Poultry Products Regulation*.

The section facilitated the export of approximately $6 million Manitoba chicks, poults, and hatching eggs into the U.S. Producers paid for the costs of testing under the program.

Section staff were involved in the organization of Small Flock Seminars, and Hog and Poultry Days. Staff also published the *Breeder Bulletin Newsletter* which was distributed to all hatching egg producers. To increase public awareness of agriculture and poultry, staff conducted incubation and hatchery seminars

for local schools. Staff worked with producers to assist them in increasing productivity through alternate management techniques.

Elk Farm Inspection

The section administered and enforced *The Livestock Industry Diversification Act* and the Elk Game Production Regulation.

The regulatory duties were carried out by the dairy farm inspection staff which includes the inspection of all elk farms on an annual basis to ensure that facilities are properly constructed and maintained, and that game farm operators comply with requirements as specified in the Act and Regulations.

All elk registered as game production animals on licensed game farms in Manitoba must be positively identified, and their parents verified, by means of individual DNA analysis. This ensures that all elk on game farms in Manitoba can be verified as legitimate game production animals.

The *Elk Game Production Regulation* underwent a major revision. This involved meetings with both the Manitoba Elk Growers Association (MEGA) and Manitoba Conservation. The results of this revision were announced at the MEGA Annual Meeting.

The extensive database identifying all the particulars of each game farm elk, along with its past and present location, is being maintained. In 2003/2004, 72 game farms were licensed and an estimated 4,000 elk, including calves, were being farmed.

Federal/Provincial/Territorial Food Safety Initiatives

On-Farm Food Safety

Staff continued to work with commodity organizations to develop and implement on-farm food safety programs. Staff worked closely with the Canadian Sheep Federation and the national group representing goat producers on the continued development of national on-farm food safety programs for these commodities. Assistance was also provided by staff to other groups in the distribution of program materials and the training of industry stakeholders with respect to on-farm food safety programs.

Staff were involved in the Federal/Provincial/Territorial On-Farm Food Safety Sub-committee that is developing a national approach to the recognition of on-farm food safety programs. In addition, staff participated in all the government technical reviews of industry national on-farm food safety programs seeking government recognition.

Post-Farm Food safety

Staff participated in the Federal/Provincial/Territorial Working Group, under the Canadian Food Inspection System Implementation Group (CFISIG), that is developing a national strategy for the recognition of industry developed HACCP systems and HACCP-based programs.

Equivalency

Staff are working with the Canadian Food Inspection Agency (CFIA) and provincial governments to develop and implement a framework for the national monitoring of provincial dairy farm inspection and raw milk hauling. The terms of reference of the committee is being expanded to include dairy processing.

Staff were involved in the CFISIG working group looking at the development of a process to determine equivalency of provincial meat inspection to the National Meat and Poultry Regulation and Code.

Sustainable Development

In 2003/2004, the Animal Industry Branch participated in a number of sustainable development activities, taking into consideration the Principles and Guidelines of Sustainable Development.

Stewardship (Principle #2)

- Staff represented the department on the Canadian Standard Association's Technical Committee for the development of a national, voluntary environmental management system for hog producers.

- Staff had a representation on technical committees under the Prairie Provinces Committee on Livestock Development and Manure Management that developed the Tri-Provincial Manure Application and Use Guidelines and in the development of Tri-Provincial Manure Storage Structure Standards.

Shared Responsibility and Understanding (Principle #3)

- Branch staff participated in the development of Manure Applicator Rate Calculator software and Custom Manure Applicator Course being developed by the Assiniboine Community College, and participated in the National Expert Committee on Manure Management under the Canadian Agri-Food Research Council.

Conservation and Enhancement (Principle #5)

- Staff participated in the departmental review of the Manitoba Livestock Manure and Mortalities Management Regulation and Manitoba Conservation's proposals for amendments.

- Staff participated on the MAFRI Sustainability Route Champion Team and the Federal-Provincial Implementation Committee for the Environment Chapter of the Agricultural Policy Framework.

Global Responsibility (Principle #7)

- The branch participated in the departmental review of the Manitoba Livestock Manure and Mortalities Management Regulation and Manitoba Conservation's proposals for amendments. Staff also participated in the development of Tri-Provincial Manure Application and Use Guidelines, Tri-Provincial Manure Storage Structure Standards, and a Tri-Provincial "one stop shop" Internet site providing information on all research projects related to livestock and the environment that have been conducted on the prairies.

4 (b) Animal Industry

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	1,722.6	35.78	1,946.1	(223.5)	
(2) Other Expenditures	605.8		537.5	68.3	
TOTAL EXPENDITURES	2,328.4	35.78	2,483.6	(155.2)	

Appropriation 4 (c) - Veterinary Services

The objectives of the Veterinary Services Branch in 2003/2004 were: to provide the necessary resources for diagnosis of livestock diseases while promoting animal health; to encourage the use of veterinary services and laboratory diagnosis by livestock producers; to administer public animal hospitals; to provide extension services to livestock producers; to conduct disease surveillance; and to administer the Humane Inspection Program in the province.

In 2003/2004 the branch administered *The Veterinary Services Act, The Veterinary Science Scholarship Fund Act, The Animal Diseases Act,* and *The Animal Care Act. The Animal Care Act* includes provisions on animal abuse and neglect. For the calendar year 2003 staff investigated 288 complaints on inhumane treatment of animals, and of these, 124 were deemed unjustified and 132 required corrective measures. Charges were laid in 13 cases and animals were seized in 21 cases. The number of cases increased by almost a third (32 per cent) due to a severe cold spell in early 2003, short feed supplies from last summer's drought, and bovine spongiform encephalopathy (BSE).

Financial assistance was provided through *The Veterinary Science Scholarship Fund* to 24 Manitoba students enrolled at the Western College of Veterinary Medicine. In addition, through the Summer Student Employment Program, 21 students in 2003 were provided with practical experience, while being encouraged to practice in Manitoba's rural areas upon graduation.

The branch provides technical and specialist services to rural and urban veterinarians through the province's veterinary diagnostic laboratory. The laboratory received 15,930 cases in 2003/2004 which was down significantly from 2002/2003. The decrease in the number of specimens was due to decreased activity in the farm sector from low swine prices and the BSE crisis in the beef industry. Producers benefit from the laboratory's high-priority commitment to the rapid reporting of laboratory results. Polymerase Chain Reaction (PCR) testing for diseases of cattle, hogs, and poultry provide a quick turn-around of results and greater utilization of service by producers. Whole herds are tested for certain diseases such as bovine virus diarrhea in cattle and porcine reproductive and respiratory syndrome in hogs. New research in surveillance methods for diseases such as Johne's and neosporosis in cattle, and chronic wasting disease (CWD) in elk and deer, has contributed to an increase in the numbers of these cases and the number of tests performed.

The laboratory conducted West Nile Virus (WNV) surveillance in conjunction with Manitoba Health, Manitoba Conservation, the City of Winnipeg, and rural veterinarians. Surveillance for WNV included the processing, sampling, and testing of 880 corvid samples, horse brains, and sera from horses. WNV was again identified in a commercial goose flock as well as in alpacas, Stones sheep and a musk-ox.

Over 1,000 hunter-killed deer and elk brains were processed, of which approximately 850 were sent for CWD testing through a joint surveillance project with Manitoba Conservation and Parks Canada.

Branch staff presented pathology demonstrations to Red River College (RRC) students and to veterinarians seeking accreditation for the Western Canadian Flock Health Program. They also provided assistance to the instructors of the Animal Health Technology course at RRC and the Canadian Food Inspection Agency (CFIA) for some of the courses in which laboratory staff participated.

Field Services staff participated in approximately 60 extension seminars for beef, dairy, elk, bison, sheep, goat and horse producers. The main purpose of these seminars was to provide awareness and education to producers on issues such as: BSE, bovine tuberculosis (TB), WNV, biosecurity, CWD, and general herd health management. Staff also attended over 75 producer

meetings and delivered course lectures at the University of Manitoba and RRC concerning animal health management issues.

Field staff conducted several disease investigations throughout the year in response to requests from branch pathologists, private veterinarians, and affected livestock producers.

Field and laboratory staff were also extensively involved in several disease surveillance programs including BSE, WNV, TB in wildlife, and CWD in farmed elk as well as wild deer and elk.

For BSE, Manitoba will meet their 2004 surveillance target numbers, one of the few provinces which may be able to do this. The 890 samples required in 2004 from our higher risk cattle became possible through the hard work of producers, private veterinarians, CFIA and provincial staff. For WNV surveillance, laboratory staff provided the infrastructure for collection of oral cavity samples from corvids for further analysis. The laboratory recorded information on these samples directly into a national database that is maintained by the Canadian Co-operative Wildlife Health Centre in Saskatoon. Negative CWD surveillance testing in wildlife and mandatory CWD testing in farmed elk continued to maintain that Manitoba does not have the disease. In the 2003/2004 hunt season, approximately 850 wild deer and elk were tested, while in the 2003 calendar year, 153 farmed elk were analyzed.

Bovine TB continued to be a major focus of the branch in 2003/2004. The branch, along with Manitoba Conservation, Parks Canada, and CFIA, in co-operation with the Manitoba Cattle Producers Association and the Manitoba Wildlife Federation, participated in a TB Task Group. The goal of the group was to control and eradicate TB in wildlife and livestock. Manitoba Agriculture, Food and Rural Initiatives supports the plan by providing $98,500 per year, as well as veterinary and laboratory staff time and materials. In 2003/2004, no additional positive domestic herds were found in the Riding Mountain TB Eradication Area (RMEA – game hunting areas 23 and 23A). However, one positive cow, believed to have originated from the RMEA in 2002, was discovered near LaBroquerie in February 2004. Five wild elk and three whitetail deer were also found positive for TB in the RMEA on hunter-killed and targeted collection surveys. The RMEA has maintained its Canadian "accredited advanced TB" status and the rest of Manitoba their "TB-free" status.

The branch continued to work with CFIA, Emergency Measures Organization, and producer groups to ensure that contingency plans are adequate and in place for Manitoba and Canada in preparedness for highly contagious foreign animal disease outbreaks in Canada or the U.S. The British Columbia outbreak of Avian Influenza in early 2004 indicates how costly these incursions can be.

Under *The Veterinary Services Act*, the branch provided provincial grants to 28 veterinary districts. This funding helped support a 24-hour, seven-day-a-week service through approximately 55 veterinarians and their staff. During the year, meetings were held with Veterinary Services District Boards and with the Association of Manitoba Municipalities. The branch assisted the Veterinary Services Commission with the administration and distribution of a $300,000 special grant for capital equipment and infrastructure for the Veterinary Services District Program.

The branch assisted in supporting livestock disease control research by providing $15,200 to the Veterinary Infectious Diseases Organization. The branch administered the Rabies Indemnity Program, a federal-provincial initiative to monitor the incidence of rabies. Payments within this program area totalled $2,260 for 2003.

Sustainable Development

In 2003/2004, the Veterinary Services Branch participated in a number of sustainable development activities, taking into consideration the Principles and Guidelines of Sustainable Development.

Stewardship (Principle #2)

- Branch staff assisted in the establishment of an accreditation program for veterinarians involved in Herd Health Reviews for PMU ranches.

Shared Responsibility and Understanding (Principle #3):

- Branch staff monitored diseases of economic, public health, and international trade significance. The branch assisted producers in monitoring and controlling disease outbreaks through surveillance testing for BSE, TB, WNV and CWD.

- Branch staff published two peer-reviewed articles: one in the *Canadian Veterinary Journal* on WNV in domestic geese, and the other in *Emerging Infectious Diseases* on a rapid test for WNV in corvids.

- Manitoba has gained both Canadian and American respect as a leader on animal welfare and foreign animal disease issues. Staff have spoken at numerous provincial, national, and international conferences as well.

Prevention (Principle #4)

- The branch provided extension support on prevention of disease by individual consultation, articles and talks. Through *The Animal Care Act*, the branch also provided enforcement in support of good animal care, and prevention of animal abuse by working with the public, police, and animal control officers.

4 (c) Veterinary Services

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	2,188.0	37.79	2,050.1	137.9	
(2) Other Expenditures	928.7		888.6	40.1	
(3) Grant Assistance - Operating -Grants/Transfer Payments	517.4		473.3	44.1	
(4) Grant Assistance - Capital -Grants/Transfer Payments	300.0		300.0	-	
TOTAL EXPENDITURES	3,934.1	37.79	3,712.0	222.1	

Appropriation 4 (d) - Soils and Crops

Soils and Crops provides a coordinated program to enhance crop diversification, production, and utilization, while maintaining and enhancing soil and water resources. In support of these objectives, the branch provides regional staff, agri-business, and farmers with technical support, along with specialized services and information. This overall support enhances the productivity, output, and marketing capability of Manitoba's crop producers.

The branch administers statutes and regulations related to several areas such as: beekeeping, pesticide dealer and applicator licensing, weed control, and horticulture. Direct support is also provided under the Environment Act Regulation that involves controlling crop residue burning. Soils and Crops also supports the delivery of agricultural research and sustainability programs and participates in federal-provincial cost-shared programs designed to assist in the development of irrigation infrastructure. The branch assists in the administration of the Agri-Food Research and Development Initiative.

The branch is comprised of five sections: Apiculture and Crop Diagnostics, Agricultural Resources, Crop Diversification, Crop Development, and Soils and Crops Programs. All sections are extensively involved in the investigation and demonstration of new crop market opportunities and production practices. Technical information is disseminated through publications, news releases, the Internet, and local grower meetings.

The branch achieved the following results in 2003/2004:

Apiculture and Crop Diagnostics

The branch administered *The Manitoba Bee Act*, with staff coordinating the Honey Bee Disease Inspection and Control Program. Staff inspected 5,756 honey bee colonies for American and European foulbrood diseases. The branch collected and analyzed 320 bee samples for the presence of the honey bee tracheal mite. The branch also sampled 230 honey bee operations throughout the province for the presence of the Varroa mite.

Apiculture section staff participated in 11 extension meetings. The section provided industry updates and information on honey bee and leafcutting bee management to producers. Staff also attended, as technical advisors, Board of Director Meetings for the Manitoba Beekeepers' Association, the Red River Apiarists' Association, and the Manitoba Forage Seed Association. Contributions were made to three issues of both the *Manitoba Beekeeper* and *Forage Seed Update* newsletters, which were distributed to approximately 2,500 individuals. In addition, staff taught an evening course in beekeeping at the University of Manitoba.

At the request of the Manitoba Forage Seed Association, Manitoba Agriculture, Food and Rural Initiatives (MAFRI) implemented a chalkbrood inspection program of leafcutting bee producers during the spring of 2003. Two inspectors were hired to conduct the survey resulting in a total of 130 leafcutting bee outfits being sampled. In addition, the section conducted a chalkbrood survey of feral bees using about 110 trap nests.

Through research, demonstration, and extension, staff continued to develop information related to understanding the economic benefits that result from the pollination of commercial crops by bees. Staff conducted two research trials related to leafcutting bee management. These research trials were targeted to improve equipment, and cell fumigation procedures to ensure operator safety.

In 2003, licenses were issued to 1,417 applicators and 521 dealers under *The Pesticides and Fertilizers Control Act*. Pesticide dealers and custom pesticide applicators are required to qualify for licensing by completing provincially approved certification courses. In addition, applicators must comply with the Act's insurance requirement before they are issued a license.

The Crop Diagnostic Centre served farmers and agri-business by analyzing 1,049 agricultural and 97 non-agricultural samples. There were 129 weed samples and 32 insect samples submitted for identification in 2003.

Agricultural Resources

Agricultural Resources section staff participated in the delivery of the sixth year of programming under the Manitoba Agricultural Sustainability Initiative – Covering New Ground. Staff responsibilities associated with Covering New Ground included: coordination of provincial, regional, and crop diversification centre projects; provision of technical assistance to regional staff; local delivery organizations; producer groups; conservation districts; and environmental agencies.

Inter-provincial liaisons and information sharing between Manitoba, Saskatchewan, Alberta, and British Columbia was accomplished through staff participation on the Western Coordinating Committee on Environmentally Sustainable Agriculture. Representation on the federal-provincial Canada Committee on Natural Resources provides Manitoba's perspective on agricultural sustainability issues, including climate. Soil Conservation Council of Canada facilitates co-operation in addressing soil conservation/management concerns, which are presently focussed on greenhouse gas emissions from the soil and carbon sequestration in soil organic matter. The Prairie Provinces' Committee on Livestock Development and Manure Management finalized the Tri-Provincial Manure Application and Use Guidelines. The Manitoba version has been printed, distributed and posted on the MAFRI website for downloading.

Section staff were responsible for the planning and delivery of field programs which included Covering New Ground projects and providing training and technical information to producers, as well as central and regional staff. Field programming involved activities related to manure management, specifically nitrogen management of soybean, and soil and land management, including reduced tillage.

Agricultural Resources section staff supported, and were involved in the delivery of the Irrigation Development Program, technical reviews of proposals associated with livestock industry expansion, the review of the Livestock Manure and Mortalities Management Regulation, Livestock Sustainability Initiative, appropriate *Environment Act* proposals, Manitoba Zero Tillage Research Farm, the Riparian Health Council, the Association of Irrigators in Manitoba, Regional Irrigation Associations, the Capital Region Review, and *The Planning Act* Review.

Staff coordinated and delivered the Crop Residue Burning Authorization Program established under the Burning of Crop Residue and Non-Crop Herbage Regulation.

A detailed soil inventory project in the Rural Municipalities of Tache, Ritchot and De Salaberry continued. A final report on the detailed soil survey of the Rural Municipality of South Cypress has been completed. Work is progressing to develop a complete soil resource inventory package for the Assiniboine Delta Aquifier.

The Agrometeorology Program continued to make progress in the delivery of agricultural weather information related to soil moisture, crop water use and irrigation scheduling, rainfall, heat units, growing season forecasts, and risk management. Ongoing efforts are focused on acquiring access to additional data sources to improve the quality of deliverables.

In the area of agricultural land utilization, staff provided input and reviews for more than 250 projects and proposals associated with the environment, highways, rural gas and water line installations, gas and oil pipelines, hydroelectric transmission line routings, municipal by-laws, development plans, and zoning by-laws. A specific focus included planning issues related to the expansion of the livestock industry.

Crop Diversification

The potato industry has expanded in Manitoba with the J.R. Simplot plant in operation as of 2003. Crop Diversification staff organized the following events to update new and existing growers on growing management practices and issues. Manitoba Potato Days, Potato Diagnostic School, Potato Irrigation School, and a Manitoba Potato Research Coordination Meeting were held.

Crop information was delivered to farmers and industry via seminars, newsletters, factsheets, and publications. Seminars included: Fruit Growers Program in the Direct Farm Marketing Conference, and Manitoba Corn School.

Three guides were revised in the 2003/2004 year: The Guide to Commercial Potato Production, The Vegetable Production Guide 2003, The Corn Manual. The Weed Seedling Guide was reprinted.

A variety of newsletters were produced in co-operation with industry partners which included Potato (Perspectives) Newsletters, in conjunction with Manitoba Potato Council and the Manitoba Crop Diversification Centre; The Prairie Fruit Grower and the Prairie Fruit Journal, in conjunction with the Prairie Fruit Growers Association; Sachets Newsletter, in conjunction with the Medical and Aromatic Plant Association of Manitoba; The Groat, in conjunction with the Manitoba Buckwheat Growers Association; The Manitoba Corn Growers Association Newsletter; and the Manitoba Corn Hybrid Performance Trials.

For the 2003 growing season, corn agronomy information was distributed to producers and 12 weekly Vegetable Reports were issued which offers growers timely information on insects, diseases, and general production. The information was distributed to agricultural representatives and was posted on the MAFRI web site.

The forecasting program, for potato late blight was operational from June to September 2003 for a total of 38 separate recordings. The Potato Hotline provided potato growers with disease risk information and management recommendations. Information was available on the website and the 1-800 potato hotline. The hotline received a total of 483 calls in 2003.

The Manitoba Oriental Vegetable Production and Marketing Evaluation Project was conducted for the seventh year. This project worked toward the commercialization of oriental vegetable production in Manitoba. Over 30 crop varieties were grown in test plots at the Manitoba Crop Diversification Centre (MCDC) in Portage la Prairie, and as a result, interest in oriental vegetable production has increased. Some of the vegetables included in this project were bok choy, oriental muskmelon, oriental cucumber, oriental snow-peas, miniature corn, diakon, and oriental watermelon. Commercial production of oriental vegetable is occurring in Manitoba.

Staff evaluated innovations in pest management, irrigation, product quality, and new crop development. Saskatoons, seabuckthorn, hemp, corn, buckwheat, medicinals, aromatic plants, spices, essential oils, and oriental vegetables were among the new and expanding crops under development. Demonstration orchards and strawberry trials continued in conjunction with the Agriculture and Agri-Food Research Station in Morden. Staff collaborated with the Manitoba Corn Growers Association on research trials, which looked at fertility, plant population, and herbicide evaluation.

A Seabuckthorn Growers Association was formed to address marketing and production issues. A Saskatoon Industry Event was organized in 2003 as part of a joint effort to introduce saskatoons to European markets.

Staff provided agronomic information on hemp through research trials, factsheets, extension work, and direct contact with growers via summer tours. Hemp breeding plots to develop select varieties adapted to Manitoba were conducted in the Dauphin area. Funding was provided by the Covering New Ground Program and Manitoba Rural Adaptation Council for these trials.

Programs continued to monitor European corn borer utilizing pheromone traps, and new technology using light traps was evaluated. Progress was made in understanding the Lygus bug problem in Buckwheat.

Staff assisted the North American Buckwheat Promotional Committee. The committee aims to increase consumer awareness of buckwheat's nutritional advantages through a strategy that provides information to nutritional professionals.

Crop Development

The Crop Development section, in co-operation with the Manitoba Crop Variety Evaluation Team, coordinated the 2003/2004 Variety Evaluation Program. This program consisted of 27 test sites (of which five sites were entirely funded and conducted by the industry, four were funded partially by grower groups, and 18 were conducted by private companies). Most test sites contained between 35 and 133 varieties of cereals, oilseeds, and special crops. Project contractors included Ag-Quest Inc., AgriProgress, ICMS Inc., and Agriculture and Agri-Food Canada.

Section staff, in co-operation with regional staff and the Manitoba Forage Council assisted with the 2003/2004 Forage Variety Evaluation Program consisting of three full test sites. Evaluation of 320 varieties of 11 forage species was conducted for forage and/or seed production potential. The section also coordinated variety testing programs for sunflowers resulting in the registration of several new sunflower hybrids.

Varietal performance data was published in *Seed Manitoba,* with 24,000 copies distributed by the Farmers' Independent Weekly, in co-operation with the Manitoba Seed Growers Association. There were 25 issues of the *Manitoba Crop Report* published which provided timely information on seeding and harvest progress and various crop pest and fertility issues. These publications were prepared in co-operation with regional staff and were distributed electronically to media outlets. Several major extension publications were created, revised, and distributed, including 7,000 copies of the *Guide to Crop Protection.* Other technical publications consisted of 150 e-bulletins, magazine articles, and fact sheets on a range of crop production issues.

Staff provided significant input to published estimates of cost of production for crops. Sixteen insect updates were issued in electronic form during the growing season to assist producers, agricultural representatives, and industry in keeping abreast of insect pest development.

Several major training events involving staff assistance and development were held, such as the Manitoba Agronomists' Conference, and the Ag Days technical program. Regional staff received training and updates in a variety of crop production issues during two one-day training workshops conducted by the section. Staff developed and delivered crop diagnostic training schools in co-operation with the University of Manitoba. A two-week summer school program was delivered to 600 industry agronomists, farmers, and department staff.

Several field activities involving staff occurred such as verification of weather-based models to predict Fusarium Head Blight and Sclerotina diseases. In addition province-wide surveys of insect pests were conducted, with the assistance of industry and agriculture representatives. Prairie-wide insect surveys were conducted in co-operation with other agriculture departments.

Narrow-row edible bean trials and field testing of soybean was conducted at six locations. Staff, in co-operation with regional staff and the Manitoba Forage Council, implemented the Manitoba Hay Certification Program and a hay listing service. Results from all field activities were extended to growers and the industry.

The department's organic agriculture specialist assisted the Organic Agriculture Centre of Canada in conducting field research and demonstration projects.

Staff coordinated the emergency registration of folicur fungicide for use in controlling fusarium head blight in wheat.

Section staff provided support to numerous organizations including: Manitoba Pulse Growers, National Sunflower Association, Manitoba Canola Growers, Canola Council of Canada, Flax Council of Canada, Manitoba-North Dakota Zero Tillage Farmers, Manitoba Zero Tillage Research Association, Manitoba Seed Growers, Canadian Seed Growers, Pesticide Free Production Canada, Organic Producers Association of Manitoba, and Manitoba Forage Council. Support was provided to the Marketing and Farm Business Management Branch in the area of pulse and hay market development. Staff provided department input at the national level for the Science and Innovation and Environment Chapters of the Agricultural Policy Framework and to the Canadian Agri-Food Research Council. The Fertility Specialist supported the delivery of the Certified Crop Advisor program in Western Canada.

Weather-based crop disease forecasts for sclerotina disease in canola and fusarium head blight disease in wheat were prepared and delivered on the Internet and in farm newspapers. Maps depicting disease pressure were produced with the Agriculture Resources Section and grower industry organizations. Models used in these forecasts were improved through efforts of the plant pathologist.

Staff conducted 140 technical presentations before 6,000 growers and 1,500 industry agronomists. These presentations provided information regarding cereal, oilseed, pulse crop, alternative crop, forage, pasture, and seed production. In addition, staff responded to 3,000 telephone and e-mail enquiries from producers, agricultural representatives, and industry agronomists with agronomic recommendations. Section staff were cited in approximately 150 radio, television, and print items as a result of interviews on a range of crop production topics.

In cooperation with other MAFRI staff, the Soils and Crops Branch assessed the severity of livestock feed shortage resulting from drought conditions in some parts of Manitoba during 2003/2004. Subsequently, the branch assisted in the development of a Drought Assistance Program, administered by Manitoba Crop Insurance Corporation, which provided transportation assistance for feed and livestock in drought affected areas. The branch established and staffed a toll free information line to provide information on this program. Approximately 300 calls were received and responded to on this line.

Soils and Crops Programs

The Soils and Crops Programs Section addresses agri-food issues in biotechnology, nutraceuticals, and functional foods, and administers the Covering New Ground program.

Staff actively supported the network of expertise in nutraceuticals and functional foods, including the National Centre for Agri-Food Research in Medicine. Agronomic production practices, the identification and preservation of active ingredients, and the clinical trials to support the effective use of nutraceuticals are all key elements in further seizing opportunities involving nutraceuticals and functional foods.

Sustainable Development

In 2003/2004, the Branch participated in a number of sustainable development activities, taking into consideration the Principles and Guidelines of Sustainable Development:

Integration of Environment and Economic Decisions (Principle #1)

- Staff provided extension and technical support to Crop Nutrient Management. Technical information was provided to support effective and efficient nutrient management practices to ensure efficient crop production with minimal environmental risk.

Stewardship (Principle #2)

- Staff administrated and supported *The Pesticides and Fertilizer Control Act.* The licensing of commercial pesticide dealers and applicators ensures environmental and human protection related to pesticide use.

- Staff supported the administration of the Crop Residue Burning Authorization Program *(The Environment Act)* which minimized the risk to human health and safety from smoke resulting in crop residue burning.

Shared Responsibility and Understanding (Principle #3)

- Staff supported the administration of The Livestock Manure and Mortalities Management Regulation (*The Environment Act),* by providing technical advice to Manitoba Conservation and extensive information to livestock producers related to the sustainable use of manure in crop production.

- Staff administrated and supported (*The Bee Act*), which provided disease identification and control advice to beekeepers to ensure safe honey production and the sustainability of the beekeeping industry.

- Staff supported the administration of *The Planning Act* (Intergovernmental Affairs and Trade) by providing advice to municipalities to ensure the protection of a land base for long term sustainable agriculture.

- Staff provided extension and technical support in disease identification and control in plants. Extensive support was provided for the identification and judicious control practices for diseases and pests affecting agricultural crops and bees.

- Staff provided extension and technical support to land and water management. Information was provided to support the protection of soil productivity as well as surface and ground water quality.

- Staff provided extension and technical support to research and innovation. Technical support and participation was provided to enhance sustainable and new crop development activities.

- Staff provided extension and technical support to organic production. Staff provided leadership related to organic crop production in Manitoba.

Prevention (Principle #4)

- Staff administrated and supported *The Noxious Weed Act*, which provided technical and regulatory support to municipalities related to the appropriate control of invasive plant species.

Conservation and Enhancement (Principle #5)

- Staff provided extension and technical support to the Soils Inventory Program. Basic information was provided on Manitoba's soil resources, and interpretive criteria was developed to ensure long term sustainable use of these resources.

- Staff provided extension and technical support to the Agrometeorological Support Program. Weather based information was integrated with agricultural concerns to provide accurate disease forecasting and support for other agronomic practices to ensure efficient and sustainable crop production.

- The branch was responsible for administering a fund under the Livestock Stewardship Initiative which supported investigation and technology transfer related to sustainable manure management practices.

Global Responsibility (Principle #7)

- Staff provided extension and technical support to Integrated Decision Making and Planning. Staff represented Manitoba's commitment to sustainable agriculture through participation on a number of intergovernmental and industry/governmental committees and policy making groups such as: F/P/T Committee on Pesticides and Pest Management, Canada Agriculture Research Coordinating Committee and associated sub-committees, Western Canadian Coordinating Committee on Environmentally Sustainable Agriculture, University of Manitoba Departmental Consultation Committees, Western Committee on Crop Pests and Diseases, and Soil Conservation of Canada.

4 (d) Soils and Crops

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	2,919.8	54.12	3,074.3	(154.5)	
(2) Other Expenditures	1,058.6		1,017.2	41.4	
TOTAL EXPENDITURES	3,978.4	54.12	4,091.5	(113.1)	

Appropriation 4 (e) - Irrigation Development

Staff of the Soils and Crops Branch were involved in discussions with Prairie Farm Rehabilitation Administration (PFRA), irrigation associations, commodity groups, processors, and other stake holders to develop a new irrigation development program to follow the Surplus Water Irrigation Initiative (SWII) when it terminated on March 31, 2002.

In September, 2002, a $1.0725 million provincial Irrigation Development Program (IDP) was announced. The IDP was modelled after the previous SWII program, with programming being offered in five areas: off-farm irrigation infrastructure development, including area and block development and management; investigation, demonstration, and technology transfer; environmental protection; and public awareness, education, and communication. Staff resources from the Soils and Crops Branch were assigned to deliver the program.

All infrastructure projects must receive appropriate Environment Act Licensing and meet federal requirements including those from the Department of Fisheries and Oceans. Funding is also provided to support investigation, demonstration and technology transfer of sustainable water management practices, as well as environmental monitoring activities.

An Irrigation Coordinating Committee was established with representation from Manitoba Agriculture, Food and Rural Initiatives and PFRA, which coordinates activities and funding support to infrastructure projects.

Planning and obtaining regulatory approval continued on approximately 28 projects. Four projects were supported in 2003 that developed approximately 1,090 annually irrigated acres.

4 (e) Irrigation Development

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Other Expenditures	430.1		1,072.5	(642.4)	1
TOTAL EXPENDITURES	430.1		1,072.5	(642.4)	

1. *The variance under authority is due to less projects being in place than expected.*

Appropriation 4 (f) - Food Development Centre

The Food Development Centre (FDC) provides leadership in the creation, expansion, and diversification of the agri-food industry through industry networks and expertise in food processing.

During 2003/2004, FDC continued to implement its strategic plan that will reposition FDC as a leader in the creation, expansion and diversification of the agri-food industry. An investment of $13.61 million will result in the refurbishment of its facility to meet Canadian Food Inspection Agency standards, the purchase of leading edge technology, and the partnering with Great Plains Aseptic Processors to bring a unique liquid food research and development, and commercial packaging facility to Manitoba.

In conjunction with its strategic partners, FDC facilitated the development of 19 new products, and assisted in the creation of 28 new employment opportunities that are expected to contribute $2,070,249 in GDP and $192,071 in provincial taxes over a five-year period.

FDC is a Special Operating Agency and the 2003/2004 activities, financial data, and performance measurements are detailed in FDC's Annual Report.

FDC fully supports and participates in Manitoba Agriculture, Food and Rural Initiatives' Sustainable Development initiative under *The Sustainable Development Act*. FDC's accomplishments and activities are included in the Manitoba Agriculture, Food and Rural Initiatives' Sustainable Development Procurement Plan and Procurement Report that are submitted by the Department to Procurement Council each fiscal year. FDC also was a recipient under the Implementation Agreement of the Agricultural Policy Framework.

4 (f) Food Development Centre

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Other Expenditures	1,829.6		2,113.8	(284.2)	
TOTAL EXPENDITURES	1,829.6		2,113.8	(284.2)	

Appropriation 5
Regional Agricultural Services

The Regional Agriculture Services Division provides the front-line delivery of Manitoba Agriculture, Food and Rural Initiatives' programs and services through innovative agrifood extension programs. The division and the department are dedicated to:

- Empowering farm families and rural people to realize their goals;
- Developing and delivering innovative agri-food extension programs and services;
- Managing and enhancing agricultural resources for sustainable, dynamic rural communities.

There are four regional offices and 40 district offices served by a staff of agricultural representatives, home economists, crop and livestock specialists, land stewardship specialists, soil and water management specialists and farm management specialists. They provide programs and services aimed at enabling farm families to operate viable farm businesses and employ best management practices.

Regional staff coordinate various strategic partners (such as producers, consumers, government, financial and scientific communities, processors and marketers) in order to develop and expand value-added activity and diversification in Manitoba. Moreover, staff assist producers and processors to increase sales of primary and processed products to domestic and international markets.

The regions assist in the development of rural leadership by providing support to the 4-H program and other rural organizations. Regional and district staff organize 4-H workshops for club officers, public speaking training, competitions, rallies, member exchange programs and livestock shows. In addition, staff work with industry organizations and community groups to build sustainable, dynamic rural organizations within communities.

Regional staff work towards improving the well-being of the farm family. Staff activities involve promotion of food safety and quality, business development, farm safety and family resource management.

The regions are also involved in extension education and training, making extensive use of producer newsletters, local news columns, local broadcast media and the internet to reach farm families. All of these activities follow department strategies for farm profitability, sustainability, food safety and quality, diversification and adding value, market development and agricultural awareness.

The division is also responsible for effectively administering the leasing of Crown land designated for agricultural production and improving the productivity of this land through improved management techniques.

Appropriation 5 (a) - Northwest Region

Farm Management

- Staff made 3,942 general and 1,612 intensive contacts on farm management during the 2003/2004 fiscal year. Intensive contacts involved counseling with 165 farm families.
- Forty-five management seminars were held, in which 841 producers examined financial risk management strategies with emphasis on beef cattle.
- Staff co-ordinated and delivered training events for 56 participants of the Project 2000 and Bridging Generations initiatives.
- Staff assisted producers in the equine ranching (PMU) industry and others in examining alternate farm enterprises and cost-of-production summaries.
- Staff provided business consultation, financial analysis, and support to diversification and value-added community and producer initiatives in the Northwest Region.

Crop Production Enhancement

- Crop production assistance was provided through 9,692 general and 2,610 intensive contacts.
- The region provided funding and support to the Parkland Crop Diversification Foundation (PCDF), an organization that is an effective tool in evaluating and demonstrating new crops, diversification options, and production techniques.
- Support was provided to the Parkland Industrial Hemp Growers Co-op Limited in the exploration of hemp marketing and processing options. Approximately 5,300 acres of industrial hemp was grown in Manitoba, with most of it in the Northwest Region, and plans are underway for a fibre processing facility that will require 25,000 acres of hemp fibre per year. The co-op also spearheaded the establishment of a Manitoba hemp plant-breeding program that resulted in a new variety registered in 2003.
- Forage management assistance was provided through 2,156 general and 481 intensive contacts.
- Forage production, and intensive grazing programs are top priorities, with activities involving one-on-one pasture planning designs, watering system projects, rotational grazing systems, and extended grazing activities. A goal is to form a grazing club in each of the region's six districts.
- Technology transfer continued through extension efforts in field days, tours, seminars, media, clubs, and individual contacts.

Livestock Production Enhancement

- Livestock information was provided through 10,495 general and 2,882 intensive contacts.
- Staff worked with two feeder associations, 4-H groups, community agricultural societies, and seven local veterinary service district boards.
- Staff organized 46 sessions with presentations on pasture, forage, livestock, water, and manure management to 1,289 producers.
- Staff formulated 1,355 rations for beef, swine, dairy, sheep, goat, and bison producers.
- In conjunction with the Provincial Tuberculosis Management Committee, two bovine tuberculosis (TB) informational meetings were held in the region to inform 150 cattle producers of the issues and concerns in TB control.
- Staff represented the department at two Riding Mountain Biosphere Reserve meetings, four Riding Mountain Regional Liaison Committee meetings and two Riding Mountain National Park Stakeholders Advisory meetings which dealt with the bovine TB outbreak and its impact on cattle producers.
- Staff assisted Manitoba Conservation with producer contacts and the signing of 40 new barrier hay fencing sites in the TB management zone.

- The bovine spongiform encephalopathy (BSE) outbreak resulted in staff addressing thousands of producer inquiries regarding various BSE issues such as cattle marketing, U.S. border opening, and a series of support programs for slaughter animals and cull cows, bison, elk, sheep, goats. Staff administered both provincial and federal programs to assist livestock producers in the region.
- Assistance was given to pork producers to help them adopt the Quality Assurance Program which pork processors have made mandatory. Almost all producers are now validated in the program.
- Staff assisted in an economic development meeting and tour for the Town of McCreary and adjacent rural municipality.
- Staff assisted producers in utilizing aspen bark as a feed source. A feed cost saving of over $500,000 has been realized as close to 12,000 tons has been utilized by 73 producers.

Agri-Ventures

- Value-added and diversification initiatives were featured in 87 events, including seminars, trade shows, and tours where participants explored new technology and market opportunities.
- Three projects involved funding-in-progress with the Manitoba Agri-Ventures Initiatives Program.
- Staff facilitated business planning of the development of berry and meat processing, new livestock, crop and forage production and processing, agri-tourism, and community development. These initiatives continued to be supported through the integrated services of this department, Intergovernmental Affairs and Trade, Industry, Economic Development and Mines, and local development agencies.

4-H and Youth

- The region had a 4-H membership of 815 members and 350 leaders who were involved in 962 projects. The most popular continued to be equine, beef, and craft projects.
- 8,731 general and 2,009 intensive contacts were made to support the 4-H program in the Northwest Region.
- Staff worked with volunteers from the regional council, five district councils, and 38 clubs to organize events to support leaders, maintain member interest, and promote the 4-H program in the community. These events included leader/senior member appreciation evenings, officer workshops, beef shows, equine clinics and shows, communication competitions and achievements, as well as training events for leaders and members.
- A new event for junior members was held in three locations within the region, as well as a regional event for intermediate-age members.
- Staff supported provincial activities by serving on planning committees and acting as chaperones. The regional specialist was responsible for the provincial equine program and its activities, including the Young Horse Development Project in co-operation with Manitoba Equine Ranching Association and North American Equine Ranching Information Council. Registration for the Provincial Leaders' Conference is handled in the Northwest region.

Soil and Water Conservation

- Staff conducted 2,969 general and 134 intensive consultations with six local soil management groups and six water conservation districts. These groups initiated 27 projects under the Covering New Ground Program, with the majority of work relating to pasture production, water quality issues, and feed quality testing.
- Crop projects included demonstrations for new crops, as well as crop and pest management field days.
- Staff were involved in activities focusing on water quality, including four watershed studies and various demonstrations on the Swan Lake Basin, Shell River, Valley River and Vermillion River.

- The Swan Lake Basin Stakeholders Board has given approval to a management plan for the basin and is now working toward implementation and the Shell River Watershed Quality Board is working with the Roblin Soil Conservation Corporation to initiate projects related to livestock. The Valley River Watershed Board is working on general awareness, while the Vermillion study is just getting off the ground.
- Staff received training in delivering riparian workshops, resulting in delivery of three initial workshops for staff and four winter workshops targeted at cattle producers who farm along water.
- Staff were involved with developing the extension message for the province through the advisory board of Managing the Water's Edge, and the regional soil and water specialist chaired the provincial inter-agency advisory board for this initiative.
- BSE had an impact in delivering on-farm demonstrations relating to livestock and pasture production. Although long-term plans for producers have not changed, they were significantly impacted as resources were used to support feed testing and to improve feed efficiency.
- Significant effort was placed on environmental farm plan workshops, indicators, and best management practices under the Agricultural Policy Framework program.
- Support was provided for the Provincial Envirothon Competition, a science-based high school event that featured an agricultural land management theme.

Home Economics

- There were 5,740 general and 1,240 in-depth Home Economics contacts in the region.
- In response to challenges facing the agricultural community, home economists focused on food safety and quality, with an emphasis on the promotion of agriculture and the food industry. Stress management, as well as strategic partnerships with community leaders and health professionals, were also priorities.
- Three workshops were held on direct marketing of meats, attracting over 100 attendees, and the Direct Farm Marketing Conference attracted an increased number of producers from the region and partnering associations.
- Successful Farm Safety Day camps were held in Ste. Rose, Inglis, and St. Lazare, and ABC Farm Safety presentations were delivered throughout the region.
- Home economists partnered with economic development groups, including the Swan Valley Enterprise Centre and Parkland Community Futures, to support diversification and value-added activities.
- Two farm transfer workshops were held in the Russell area.
- Wellness symposiums were held in Swan River, Dauphin, Winnipegosis, and Ethelbert, in co-operation with health professionals and community leaders. The Woman's Wellness Conference for 150 attendees was held in Swan River.
- Monthly Lunch and Learn sessions were held in Russell.
- Financial workshops were held in six communities in the Dauphin area.
- Staff ensured food at the Provincial Envirothon competition in Swan River featured locally grown products.
- Staff presented Down on the Farm, a successful agricultural awareness event at the Northwest Roundup and Exhibition.
- Support to the 4-H program was provided with 1,339 general and 337 in-depth contacts, and a focus on leadership development for youth, support to 4-H leaders, and communication. Junior events and Hogwart workshops were successfully held.

Manitoba Crop Insurance

- Staff allocated approximately five per cent of their time to the Manitoba Crop Insurance Program. In addition to program explanations, staff involvement included seeded acreage, final production, and confirmation reports.

Agricultural Crown Lands

- Four land representatives, located in Ste. Rose, Dauphin and Swan River, administered 910,836 acres of agricultural Crown land, representing 905 forage leaseholders. In addition, 16 cropping leases, 31 casual hay/grazing permits, and 81 renewable hay/grazing permits were issued.
- Staff were involved in projects with lessees to demonstrate the integration of range management principles into ranching practices, including the Garland and Benchmarking projects.
- The Garland Project is a long-term, multi-partnered research project designed to evaluate resource interaction/compatibility (hardwood timber-harvesting versus grazing) and demonstrate multi-resource sustainability. The Benchmarking Project is also a long-term project designed to collect yield data on vegetation and soil types on native ranges.

Sustainable Development

Integration of Environment and Economic Decisions (Principle #1)

- Technology transfer on efficient, cost effective, and environmentally friendly resources and inputs for crop production was delivered through contacts, publications, and applied research.

Shared Responsibility and Understanding (Principle #3)

- There were over 3,000 individual and 130 in-depth consultations regarding on-farm conservation and sustainable activities in the region.
- Over 2,000 seedlings were provided to grade three and four students across the region to create awareness on the benefits of shelter belts and trees.
- Staff continued to support farm families by facilitating farm succession planning. There are five Project 2000 groups in the region and they hosted 35 clients for farm transfer planning sessions and 16 for price risk sessions. The Bridging Generations initiative involved 55 clients and 35 bridging loans, with nine loans rebated for Year I Management Training Credits.
- The region demonstrated extended grazing options to 12 producers, in collaboration with local groups. Animals were confined for fewer days, and the result was a reduction in manure accumulations.
- Staff worked with the Prairie Farm Rehabilitation Administration (PFRA) to deliver multi-use resource approaches to landscape management.
- Involvement in stakeholder boards such as the Swan Lake Basin Stakeholders group and the Valley River Watershed board, addressed interests including agriculture, wildlife, and education.
- Staff were involved in the provincial Envirothon soil management event that attracted 120 students and 50 teachers to the competition in Swan River.
- Covering New Ground projects provided information through tours, newsletters, and workshops. Over 1,000 clients participated in events that included workshops on extended grazing and riparian area management.
- The region continued to demonstrate inter-agency and multi-resource planning such as the work done by the regional Inter-Agency Riparian Health Working Group. Representation includes PFRA, Manitoba Habitat Heritage Corporation, Ducks Unlimited, MAFRI, and the six conservation districts. This group is key to communicating actions and ideas for riparian health, as it relates to agriculture.

Prevention (Principle #4)

- The region assisted watershed organizations develop water-quality protection plans for the Shell and Valley rivers, and the Swan Lake Basin, as well as an evaluation of the Vermillion River watershed. These organizations address community concerns such as wildlife, fisheries, residential water users, and agriculture, particularly as it relates to reducing the impact from the livestock industry.
- Six local groups received funding through Covering New Ground to demonstrate sustainable resource management for 27 projects such as livestock watering, extending the grazing season, and integrated pest management.

Conservation and Enhancement (Principle #5)

- The region supported the Parkland Crop Diversification Foundation in its demonstrated applied research at over 30 different trials across the region. These trials included forage varieties and testing, industrial hemp fertility, varieties and management, edible beans, wheat varieties for ethanol production, and seed potatoes.
- Manure management plans were completed with livestock producers to prevent water and air quality concerns from developing in the region. Environmentally sound practices for manure management were featured at meetings and tours.
- Bark feeding to cows continues to be evaluated, in co-operation with Louisiana Pacific in the Swan River area. Due to a shortage of feed this last winter, the Bark Feeding Steering Committee received approval to feed up to 30,000 tons of aspen bark from Manitoba Conservation, which saved over $500,000 for area producers.
- Riparian health, as it relates to water quality and pasture productivity, was integrated into workshops and meetings.

Rehabilitation and Reclamation (Principal #6)

- Staff worked with producers to plan long-term environmental farm management so that future generations and communities can benefit from livestock and water quality management. Staff also assisted in strategies to improve watering and livestock facilities.
- Regional 4-H clubs participated in highway clean-up activities in 17 communities.

5 (a) Northwest Region

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	2,324.0	45.79	2,368.2	(44.2)	
(2) Other Expenditures	820.2		817.0	3.2	
TOTAL EXPENDITURES	3,144.2	45.79	3,185.2	(41.0)	

Appropriation 5 (b) – Southwest Region

Farm Management

- Staff made 6,149 general and 1,797 in-depth consultations.
- Financial counselling was the emphasis of farm management services. Staff responded to client requests for assistance with farm business planning, farm debt restructuring, mediation, farm transfers, production cost analyses, budgeting, record keeping, custom rates, business agreements, credit reviews, and business financial analyses.
- The Bridging Generations Initiative was a major program activity. A series of seminars provided 25 hours of training in financial management for each of 14 clients under the age of 30.
- Group and individual counselling in marketing continued, and included assistance to three grain marketing clubs and four beef marketing clubs. The bovine spongiform encephalopathy (BSE) crisis increased the number of requests for livestock marketing information and beef cattle cost-of-production information.
- Staff addressed inquiries as a result of the introduction of the Agricultural Policy Framework programs – particularly the Canadian Agricultural Income Stabilization Program (CAIS) and changes to Crop Insurance.
- Resources were developed or updated, including cost-of-production budgets.
- Staff responded to increased numbers of value-added and diversification inquiries as producers attempt to adapt to the new market realities of closed borders due to BSE, continuing export challenges in the hog industry, and the upward trend in the cost of producing commodities for the export market. Grass-fed livestock, woodlots, herbs and spices, pastured poultry, agri-tourism, organic production, direct marketing, and fruit and vegetable production were some of the areas of inquiry.

Crop Production Enhancement

- Staff made 22,704 general and 1,325 in-depth consultations.
- In response to very dry conditions and severe grasshopper infestations, staff were involved in field calls and consultations, using Soils and Crops Branch data to generate forecasting maps on insect numbers and disease potential.
- Expanding acres of pulse crops, especially in edible beans and soybeans, created new extension opportunities. Staff assisted the Westman Agricultural Diversification Organization (WADO) with demonstrations, and provided field scouting to support producers and others in the industry.
- The region supported WADO as it completed its second year of operation. Diversification and value-added projects included potato production under irrigation, grazing of alfalfa, and increasing cattle gains without losses to bloat. WADO conducted extension events, compiled production information and project results, and held crop diagnostic schools.
- Staff responded to an increased interest in forage seed, commercial hay, and forage production as producers looked for ways to optimize forage returns and decrease livestock production costs in response to BSE and the cutbacks in the equine ranching (PMU) and potato industries.
- Forage extension topics focussed on the production and marketing of high quality hay products, including species selection, forage establishment, fertilizer management, hay quality assessment, export marketing, high tensile fencing, pasture management systems and design, extending the grazing season, and stockpile forage quality assessments. Information was distributed through demonstration sites, workshops, seminars, fact sheets, and a pasture school.
- The region was involved with the Forage Symposium which was attended by 220 producers.

Livestock Production Enhancement

- Staff made 13,038 general and 2,123 in-depth contacts.
- Staff worked with livestock producers to develop rations and utilize alternate feeds, providing nutrition assistance to cow-calf, backgrounding and feedlot operations on a one-to-one basis, as well as through workshops and meetings.

- Staff continued to work with producers on genetic education programs, primarily through bull test stations, herd health programs, and facility design for existing and new operations.
- Assistance was provided to producers in backgrounding and feedlot industries in developing site designs, feeding management plans, budgets, and market potential analyses.
- Beef quality assurance was promoted through contacts and the media.
- Staff conducted cattle nutrition and least cost ration meetings, addressing the risk management issues that were major concerns for producers feeding cattle during drought conditions.
- Sessions were held on the relevance of BSE, the importance of biosecurity, and animal handling.
- A significant amount of staff time was spent managing the impact of BSE and issues in the cattle industry.
- Technical reviews were conducted for five swine projects, three of which were approved by the respective municipal councils. One project was constructed, adding 2,500 farrow-to-nursery spaces and 210 grower/finisher spaces, while the other two have not yet been constructed.
- Staff participated in five conditional use hearings in the region.

4-H and Youth

- Staff made 13,080 general and 2,001 in-depth consultations.
- The Southwest Region's 4-H membership included 1,384 members and 591 leaders participating in 74 clubs.
- The region's 4-H program continued to focus on enhancing rural leadership, providing training and opportunities in communication, leadership and meeting management, agriculture awareness, and promoting the 4-H program.
- The regional 4-H council and the 4-H and youth specialist organized a communications event for 83 young people.
- Other events included Pik-a-Day with 4-H (attendance of 51 members), a first time opportunity to experience camp (over 20 members), and livestock judging (24 members).
- A 4-H regional scholarship was awarded.
- A program aiming to build relations among southwest 4-H members at an early age attracted 181 eight to 11-year-old members who participated in programs titled *Hogwart's School of 4-H Magic*.
- Southwest senior members attended the Central Region Conference.
- In co-operation with regional home economists and the annual Manitoba Association of Agricultural Societies (MAAS) conference, the regional 4-H specialist participated in offering a Positive People Power leadership seminar to volunteers.
- The region supported the Manitoba 4-H Council's Quality Builder Team initiative and has established a resource team of 14 volunteer leaders.
- The Southwest Regional Council continued to address its member retention strategy's goals of retaining 50 per cent of members from the ages of nine to 17 by the 2006/2007 4-H year. The priority areas are enhancing project experiences and increasing program flexibility, and to this end, members participated in a regional based project on Program Planning that enabled teens from small clubs to do project work with other teens. A regional Teen Adventure Pack program with nine members continued, and the club contest to develop innovative, flexible and fun programs has been well received. As well, co-operation on a provincial level is ongoing. Progress to date on this strategy shows retention of 49 per cent of members at age 16.
- Support of Ag Awareness initiatives was greatly enhanced by partnering with Agriculture in the Classroom and the Provincial Exhibition Agriculture Education Committee. The region supports Ag in the Classroom's *Amazing Grains* program in the Westman region, the Ag Day school tours that attracted 244 students, and the successful first Teacher Ag Awareness In-service Day.
- The region supported the quality equation-driven Livestock Education System by assisting a local beef club to complete the second year of the pilot program.
- Assistance was provided to the Southwest Light Horse and Pony Association's Regional 4-H horse show, an event that attracted 37 riders as well as participants to a non-competitive novice event.
- Staff assisted 11 district councils to organize rallies, inter-club shows, and appropriate training sessions for members and leaders.

Soil and Water Conservation

- Staff made 5,104 general contacts and 2,632 in-depth consultations.
- The region delivered two projects through Covering New Ground and facilitated funding for 17 projects for 11 local delivery groups. Projects are in forage production, crop production, and integrated pest management.
- Covering New Ground project information was communicated through 32 news releases, newsletters with a circulation of 115,228, four fact sheets, and 30 extension meetings with a combined audience of 1,902.
- Activities and events were undertaken to enhance communications and the adoption of best management practices in the soil and water area, including a quarterly newsletter with a 10,000 copy circulation that was distributed to farm families across the region.
- Staff were involved in activities that focussed on water quality, including the Assiniboine Delta, and the Oak Lake, Killarney Lake and Shoal Lake aquifers. The Assiniboine Delta Aquifer Management Advisory Board finalized a draft management plan which will be circulated at open houses and public meetings scheduled for October, 2004.
- Activity for Managing the Water's Edge involved training individuals to deliver workshops on riparian health assessment, and the Building Partnerships for Riparian Health workshop was held in March, 2004. Also, five riparian health assessment workshops were held to provide information related to the impact of the beef industry on water quality.
- Staff worked with the Riparian Health Council and participated on the regional working group. Sessions were held on the principles of riparian management and riparian health assessment.
- Staff assisted producers in the development of manure management plans.
- A composting tour was held demonstrating basic principles of composting.
- Support was provided to the development of activities under the environment pillar of the Agricultural Policy Framework Implementation Agreement.
- Staff provided guidance to the Assiniboine Community College Land and Water Management Advisory Committee which initiated its program in September, 2003.
- Twelve field days were held with an audience of 200, ranging from municipal councillors, conservation district staff, weed supervisors, cattle producers, students and other producers.
- Staff facilitated the activities of 20 soil/conservation groups, with a total of 400 members throughout the region. A total of 75 meetings were held.

Home Economics

- Home economics services were provided to farm and rural families with a focus on leadership, marketing, risk communications, and food safety. Staff were involved in 265 group meetings involving 8,403 participants. There were 141 news columns, 11 newsletters, six radio and TV spots, and 40 displays generated. Individual assistance included 4,506 general and 895 in-depth consultations.
- The Rural Community Support Team responded to the BSE situation with meetings in Shoal Lake and Melita that attracted 85 people, and two workshops on Balanced Living in Challenging Times.
- Home economists attended nine winter feed meetings and continue to work with the Manitoba Farm and Rural Stress line.
- Staff co-ordinated an Ag Days display titled *From Post to Post – Building Strong Rural Communities* that was extremely successful.
- Staff provided support to the Southwest Farm Women's Network (SWFWN) which co-ordinated programming for rural women at Ag Days. Topics included animal health, farm safety, farm transfer panel, xeriscaping, and goal setting.
- Presentations were made to the MAAS conference, Women's Institute, 4-H Leaders Conference, community groups, and 4-H members.
- Food safety and quality was highlighted at six Lunch and Learn sessions, and presentations were also given to community catering groups and the Women's Institute.
- The regions conducted a two-day Direct Farm Marketing Conference that provided marketing skills to 155 participants. This year's conference included an evening session on opportunities for meat producers.

- The region's Southwest Risk Communication study group was active in its presentation of four workshops to community organizations.
- Home economists continued to work in diversification and value-added initiatives through support of agri-tourism associations, the SWFWN, and individuals. Ninety-five people participated in tours involving rural businesses in the Belmont and Glenboro area.

Sustainable Development

Integration of Environment and Economic Decisions (Principle # 1)

- Sustainable development in crop production involved one-on-one consultations and group meetings on topics such as seeding rates, weed control, disease management, new crop opportunities, and marketing. Staff were also involved in summer field diagnostics schools.
- Staff provided extension and technical support to crop nutrient management efforts, including information on effective nutrient management practices that will ensure efficient crop production with minimal environmental risk.
- A number of projects examined forage production, including the assessment of 1,060 forage and feed grain samples from 290 livestock producers.
- A total of 750 balanced rations were provided for producers, including follow-up.

Stewardship (Principle #2)

- The region compiled three years of forage quality information into a fact sheet and as a result, staff were able to recommend suitable forages for the purpose of stockpile grazing. This assisted producers in the reduction of winter feed costs.
- Technical assistance was provided to the Mixed-Grass Prairie Stewardship Program in the Carberry area. This program provides grassland owners with information about the ecology and management of native prairie, leafy spurge control, and aspen control – with the focus on livestock producers that use the land for pasture.
- A Covering New Ground project assisted producers with livestock watering system development through the community grazing club concept.

Shared Responsibility and Understanding (Principle #3)

- Through the regional livestock program, emphasis was placed on the environmental sustainability issues – including good riparian and pasture management, and in particular, confined livestock feeding. Six manure/nutrient management meetings held in the region with 100 producers in attendance.
- Staff worked with municipal councils in RMs where barns were being proposed, to assist with information on manure storage covers and proper manure application.
- Staff also worked with livestock producers, custom manure applications and government departments to provide information on proper manure storage and application to protect the environment.
- The Southwest Region was involved in activities that focussed on water quality, including three projects with grazing clubs, demonstrations on remote livestock watering systems, and an educational event on the principles of riparian management.
- Staff worked with the Riparian Health Council as participants on the Southwest Regional Working Group. This group brings the Manitoba Cattle Producers Association, conservation agencies, and others together to address issues related to the impact of the beef industry on water quality, and it will assist the region in adopting an environmental code of practice for the beef industry.
- Staff attended a Riparian Health Council workshop in order to promote the principles and practices of riparian management.
- Field programming involved activities related to manure management, and soil and land management – including reduced tillage. The region assisted 11 local groups to deliver projects on forage production, crop production, integrated pest management, water quality, and communication activities.

- Stakeholders were consulted in the development of management plans for large unconfined aquifers such as the Oak Lake and Assiniboine Delta aquifers. Management plans were also prepared with the assistance of staff for Killarney Lake, Shoal Lake, and the Broughton's Creek watershed.
- Home economists continued to partner with community enterprise development centres and Learning for Life committees to sponsor Lunch and Learn events in several communities.
- Home economists also worked with community groups to build leadership and community capacity, including program planning, strategic planning, mentoring, risk communication and meeting management. Groups included community development corporations, community enterprise centres, Healthy Communities committees, Southwest Regional Round Table, chambers of commerce, the Women's Institute, agricultural societies, farmer's markets, schools, and the Southwest Farm Women's Network. Support was given to beef producers as a result of the BSE situation.

Prevention (Principle #4)

- Covering New Ground projects examined land use practices and the effect on water quality in the surrounding area, and also installed winter watering systems away from watercourses to minimize the impact on water quality.

Conservation and Enhancement (Principle #5)

- Work continued in the reclamation of saline areas through different cropping methods.
- The potential for soybean production in the southwest was investigated.
- Work continued on the flea beetle project using different rates of insecticide.
- Staff provided technical support to the Conservation Districts.

Rehabilitation and Reclamation (Principle #6)

- Staff provided workshops on the use of sensitive riparian areas in livestock production to staff, conservation districts, and municipal representatives.
- Leafy spurge was addressed through projects – one that established a new nursery beetle site and investigated plant density counts, another that utilized satellite imagery and aerial photographs to detect infestations, and a third that facilitated the development of control plans in three municipalities.
- Staff developed projects to improve native and tame grasses, and to enhance riparian management – including fencing riparian areas, developing off-site watering, and promoting rotational grazing systems. These projects demonstrated how forage production can be increased, and how riparian health and water quality can be improved through better livestock management.

Global Responsibility (Principal # 7)

- Staff worked with the Manitoba-North Dakota Zero Tillage Farmers Association to host an annual two-day workshop in Bismarck, North Dakota, attended by approximately 500 producers.
- Other zero till work included a tour in the Lauder area, and collaboration with the Manitoba Zero Till Research Association in order to promote zero tillage as a management practice.
- Staff helped host a delegation of 14 South Africans who travelled to Manitoba in December, 2003 to learn about sustainable agriculture. The group spent time learning about the 4-H program, and touring institutions such as the Food Development Centre, Manitoba Crop Insurance Corporation, Assiniboine Community College, and the University of Manitoba.

5 (b) Southwest Region

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	2,561.3	46.83	2,546.8	14.5	
(2) Other Expenditures	687.7		718.8	(31.1)	
TOTAL EXPENDITURES	3,249.0	46.83	3,265.6	(16.6)	

Appropriation 5 (c) – Central Region

Farm Management

- 7,029 farm management contacts with producers, including 1,542 intensive consultations involving 212 farm families were made.
- Farm management staff provided consultation and information to farmers in the areas of financial planning, credit and debt restructuring, risk management, cost of production, value-added and diversification, marketing, business organization, taxation, and family farm transfers. Staff also assisted in updating the cost of production publications, preparing and presenting farm management information for extension meetings, and preparing farm management training resources.
- The Bridging Generations Initiative (BGI) program has 67 clients in the region. Thirty-eight of these clients participated in two staff-organized courses and have completed their required credits for the current year. Further training courses are being scheduled for existing and new clients and staff continue to work directly with BGI clients to assess their future training needs.
- Staff continued to emphasize farm financial planning and risk management, and were very involved in providing program details and scheduling producer extension meetings pertaining to the Canadian Income Stabilization Program (CAIS).

Crop Production Enhancement

- Crop production enhancement activity involved 28,548 general and 5,646 in-depth contacts.
- Staff were involved in numerous cropping activities that addressed crop type, crop variety adaptation, and new crop development.
- Staff were also involved in comprehensive Manitoba Crop Variety Evaluation Team (MCVET) trials at Treherne and Portage la Prairie.
- A comprehensive grazing and forage site was established at Cartwright in order to demonstrate several different perennial forage grasses and legumes, as well as to show various aspects of grazing management.
- Several on-farm tests were conducted in the region to determine economic viability of selected crop inputs, including fungicide use for fusarium head blight, fertility inputs, and annual forage inputs.
- Staff conducted monitoring programs for the early detection of bertha armyworm, diamondback moth, and wheat midge in order to provide an early warning to producers in the event of a pest outbreak.
- 91 tours, meetings, and seminars addressed crop and livestock production with more than 4,800 clients. There were also seven two-day events with 143 clients on alternative crop opportunities, fusarium head blight management, winter wheat production, weed seedling identification, disease and insect update/management, herbicide product updates, genetically modified varieties, and fertilizer management.
- Staff assisted in the co-ordination and delivery of cropping activities at the Portage la Prairie and Winkler Manitoba Crop Diversification Centre (MCDC). Crop research and demonstrations covered forage establishment and production, nutraceutical and medicinal crops, field beans, soybeans, fungicide trials, and annual silage crops.

Livestock Production Enhancement

- Staff made 11,291 contacts with beef clients, including 2,889 in-depth consultations. Bovine spongiform encephalopathy (BSE) related activities accounted for 3,814 general and 302 in depth contacts.
- There were a total of 1,995 contacts regarding livestock facilities.

- Staff provided swine extension information to farmers, local governments, and agri-business with 1,675 general and 205 in-depth contacts through individual consultations and at group meetings.
- Staff had 207 contacts concerning livestock insects and disease, and 150 contacts related to bison, elk, ratite, goats, sheep, and rabbits.
- Beef clients were provided with technical extension expertise on a wide range of topics, including beef nutrition information, feed testing, ration building, rotational grazing systems, forage management, extended fall grazing, fencing, and improved water systems and quality.
- Economics and farm management topics included beef cow lease agreements, pasture leasing, beef marketing information, feed lot management, and budgeting.
- Producers requested and were provided with information on BSE, national identification, Quality Starts Here program, herd health practices, safe handling of cattle, manure management, environment guidelines, and riparian area management.
- Staff supported the 4-H program through judging and selection workshops, fat stock sales, 4-H beef shows, office administration, and records.
- Central Region beef production meetings included the Holland Beef and Forage Day, Pilot Mound BASA (Beef) Annual Meeting, Gladstone Feeder Calf Outlook Meeting, Benchland Annual Meeting, Portage Beef Marketing Workshop, Austin Beef Producers Meeting, Carman Beef Meeting, and Baldur Beef Meeting.
- Extension staff had 380 contacts with dairy producers through individual consultations and dairy meetings. Technical information and advice was provided on forage quality preservation and harvesting techniques, extending forage supplies and pasture grazing, addressing animal health and herd bio-security concerns, and consulting on financial management, enterprise budgets and milk quota issues. Staff provided support to dairy farmers relating to various BSE programs.
- The Dairy Seminar Day in Carman attracted 165 participants and the Dairy Show in Holland had 120 dairy animals on exhibit.
- Central Region provided assistance to two 4-H dairy clubs.
- Swine activities included three manure extension meetings and two swine management seminars in Portage la Prairie and Morris.
- Staff assisted with the organization of the 18th Annual Swine Seminar and the 2004 Living with Livestock conference.
- The Regional Technical Review Committee reviewed a total of 10 applications for proposed livestock operations during 2003/2004 (eight hog operations, one dairy operation and one mixed livestock operation). Staff carried out 10 site inspections comprised of 97 quarter sections, for the purpose of evaluating site conditions and the proponent's manure management strategy. Seven of the proposals were approved and three withdrawn by the proponents.

4-H and Youth

- Staff made 10,427 general and 1,291 in-depth contacts. The 4-H program, which has a client base of 4-H members, parents and leaders, provides opportunities to improve leadership, communication, meeting management, and life skills.
- In 2003/2004, Central Region had a 4-H membership of 983 members and 416 leaders, with 10 district councils and 58 clubs.
- Staff supported rural leadership development, communication skills training, meeting management experience, agricultural awareness, and technical skill development.
- Manitoba 4-H's Quality Equation continues to be an underlying premise of all activities planned in the region.
- The regional 4-H council, supported by the region's 4-H and youth specialist, sponsored and co-ordinated a variety of regional opportunities. These included the annual regional communications event (92 4-H members in 11 categories), the Central Region Senior

Members' Conference for ages 15 to 19 (35 participants) and the Central Region Adventure for Zestful Youth (CRAZY) Camp for ages 13 to 14 (42 intermediate members).

- The Central Region Educational Weekend (CREW) Camp provided a weekend retreat experience for 47 junior (11 to 12-year old) 4-H members.
- A joint initiative with the Eastern/Interlake Region was held for 68 senior members.
- Staff worked with the Regional Equine Association on a Regional 4-H Horse Show, attracting 19 participants.
- Staff worked with 4-H beef leaders to implement six 4-H interclub show and sale events.
- Staff supported district 4-H councils in a variety of activities including meeting management and communications workshops, rallies, and recreational sports days.

Soil and Water Conservation

- In the sixth year of the Covering New Ground program, staff provided assistance to 13 local delivery groups. In the area of soil conservation, staff made 7,685 general and 2,404 in-depth contacts. In the area of water management, staff made 3,704 general and 718 in-depth contacts.
- Highlights included manure analysis co-ordinated with manure management planning, extended/alternative grazing system promotion, feed testing and ration formulation, forage quality assessment, pulse crop management, sealing abandoned wells, and pasture micronutrient analysis.
- Support was provided to producer-directed demonstration and diagnostic sites that highlighted sustainable cropping practices, environmental management practices, and soil conservation.
- Initiatives involved checkstrips at Baldur and Crystal City, and new crop adaptation in Portage la Prairie. The sites provided diagnostics for clients interested in integrated pest management, as well as demonstration of crop diversification options and information on adaptation of new crops to local conditions.
- Over 400 clients participated in activities such as field demonstrations, soil conservation trials, and sustainable crop rotation plots.
- Communication activities, included six summer tours (200 producers attending), eight annual technical meetings (250 producers), 25 newspaper articles distributed to local newspapers, and 24 newsletters.

Home Economics

- Staff made 1,947 individual contacts, and held 139 group sessions with 5,905 participants.
- Home economists provided service and information to farm and rural families in the areas of food safety and quality, business building, community leadership, and family farm business.
- Staff, as part of provincial teams, were also involved in resource development in food safety and quality, leadership skills, and marketing value-added opportunities.
- Farm profitability programs included partnering with departments and agencies to provide seven safety programs, including regional day camps as well as the provincial Amazing Grains event at the Red River Exhibition grounds.
- Staff offered programs pertaining to farm and rural stress as a result of BSE, sharing resources with health professionals to develop a closer working relationship to assist with the situation. At the BSE meetings, staff organized a stress management session and the Manitoba Farm and Rural Stress Line display.
- Family communications was the theme of a presentation at a district farm transfer meeting, and leadership skills were taught within the 4-H, agricultural society, and Women's Institute programs.
- Staff worked with volunteers on the Manitoba Farm Women's Conference planning committee.
- Food safety and quality programs included a new Food Safety Connection initiative for community groups as well as workshops and displays.

- Diversification, value-added and market development programming included a presentation at the provincial Direct Farm Marketing Conference, as well as teaching the Business Basics segment of the Junior Achievement Program to three classrooms of students.
- The resource titled *The Kitchen to Market – How to Create a New Food Product* continued to be used by individuals interested in both food product and general business development.
- Agricultural awareness program activities included staffing displays at the Red River Exhibition, Amazing Grains, and district fairs in the region.

Value-Adding and Diversification

- Staff made a total of 4,450 general and 364 in-depth consultations regarding value-adding and diversification.
- Staff assisted with the planning and organization of a number of events, including the Honey, Garlic, and Maple Syrup Festival in Manitou, the Direct Farm Marketing Conference in Brandon, the South Central Tourism Network, Rural Forum, and Recapturing Wealth on the Canadian Prairies in Brandon.
- The region worked closely with community development organizations on projects such as ethanol, special crops processing, wind energy, and meat processing.

Manitoba Crop Insurance

- Central Region staff allocated seven per cent of their time to the Manitoba Crop Insurance Program, with 2,608 general and 127 in-depth consultations.
- Staff assisted in the explanation and compilation of Seeded Acreage Reports, Harvested Production Reports, and the sale of additional hail insurance.

Engineering

- Environmental issues continued to be a focus of engineering activities within the region, and presentations were given at three producer meetings on composting.
- As well, 16 meetings were held pertaining to environmental regulation or policy changes, including review of Livestock Manure and Mortalities Management Regulations, development and establishment of manure application and certification course under *The Pesticides and Fertilizer Act*, presentation of tri-provincial standards for manure storage and site characterization, and review of design standards for open confinement operations.
- Staff attended the Manure Management Conference in Lethbridge, a composting tour, and two meetings related to mass mortality disposal.
- In-depth consultations with seven individual producers on environmental-related issues were held, including sessions on livestock facility and component planning, grain storage, handling and processing, issues related to farmstead planning, and machinery, structural and engineering concerns.
- Staff participated in six technical reviews, involving five hog and one dairy proposal, as well as four follow-up investigations for farm practices orders.

Agricultural Crown Lands

- Land Representatives located in Dominion City, Teulon, and Neepawa monitored and administered 292,618 acres of agricultural Crown land within the central region.
- Land Representatives, in co-operation with regional staff and the Agricultural Crown Lands Branch, administered the disposition of agricultural Crown land, and encouraged enhanced land management and production. The dispositions consisted of 750 forage leases, 44 cropping leases, 157 renewable hay/grazing permits, and 65 casual hay/grazing permits.
- Other activities included the administration of provincial waterways, Portage Diversion, and Red River Floodway projects.

Sustainable Development

Integration of Environment and Economic Decisions (Principle #1)

- Staff provided production and cost-of-production information to producers diversifying into commodities such as special crops, potatoes and livestock.
- On-farm tests were conducted to evaluate new technologies with producers and to determine the economic viability of new products, including pest management, micronutrient fertility, field bean variety comparisons, and fusarium head blight variety and fungicide management. Results were distributed at extension meetings, as well as in newsletters and newspaper articles.

Shared Responsibility and Understanding (Principle #3)

- Staff continued to support leadership development initiatives within 4-H groups, agricultural societies, and Women's Institute programs
- Staff provided technical and leadership development information for 4-H clients.
- Diversification information for crops and livestock opportunities was provided to producers.
- Assistance was provided to the Manitoba Bean Symposium in Portage la Prairie, an event that which attracted approximately 500 participants per day for the two-day event.

Conservation and Enhancement (Principle #5)

- Staff continued to highlight sustainable cropping practices, environmental management practices, and soil conservation. Manure management strategy, environment guidelines, and riparian area management continued to be priorities.
- Staff worked with water management organizations, such as the Winkler Aquifer Management Board, Stephenfield Lake Watershed Management Plan, Northwest Red Water Management Association, South Tobacco Creek Model Watershed Project, Treherne Dam Committee, the Coleman Watershed Management Plan, and the Goudney Reservoir.
- Staff provided technical support to the conservation districts in the region, including the Pembina Valley, LaSalle Redboine, and Tiger Hills conservation districts
- Staff assisted with 15 riparian projects in conjunction with the Manitoba Habitat Heritage Corporation, through the Regional Riparian Health Council.
- Projects concerning water quality undertaken in the region included the South Tobacco Creek Project, which involved a detailed study of agricultural land use in relation to environmental factors. This project was directed by the Deerwood Soil and Water Management Association, with technical assistance from MAFRI, as well as financial assistance from Covering New Ground.
- Research activities included small dam headwater storage, preservation of water quality through headwater storage, comparison of run-off water quality between conventional and zero-tillage, the study of manure applied to a small watershed and the impact on water quality, the analysis of sediment loading in the watershed, and maintenance of background run-off water quality data.

Rehabilitation and Reclamation (Principle #6)

- The region promoted brush control methods to reclaim native grassland areas in order to deal with productivity and biodiversity losses. The methods used included use of animals and controlled burns, as well as mechanical methods such as bark scraping, wiping, drumrolling, roller chopping, and mowing.
- Land Representatives acted as liaisons between agricultural users and resource users such as wildlife, forestry, mining, and recreation.

5 (c) Central Region

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	2,463.1	44.79	2,504.0	(40.9)	
(2) Other Expenditures	687.4		689.7	(2.3)	
TOTAL EXPENDITURES	3,150.5	44.79	3,193.7	(43.2)	

Appropriation 5 (d) – Eastern/Interlake Region

Farm Management

- Farm management information was provided to producers and agri-businesses through 4,792 general and 1,795 in-depth consultations.
- Two Bridging Generations Initiative (BGI) sessions were held in Beausejour/Dugald and Ashern/Arborg, with approximately 12 management training credit clients attending.
- Significant staff attention was provided during the bovine spongiform encephalopathy (BSE) situation, including delivery of information regarding federal and provincial support programs such as the Manitoba Feeder Assistance Program, Manitoba Drought Assistance Program, Manitoba Slaughter Deficiency Program, Canada Cull Animal Program, Manitoba Cull Animal Program, Manitoba BSE Recovery Loan Program, and Transitional Industry Support Programs.
- The Canadian Agricultural Income Stabilization (CAIS) program was a major focus this past year. Staff, in conjunction with the CAIS administration, delivered numerous training sessions and informational meetings. A number of one-on-one consultations with clients were held.

Crop Production Enhancement

- Crop production information was provided to clients through 14,025 general and 3,389 in-depth consultations.
- Cash and export hay markets to the U.S. and Asian countries have continued to be areas of interest. Staff were involved in sourcing and developing new export markets, developing trade missions and displays such as those for the World Dairy Expo in Wisconsin and the Canadian Hay Association Annual Conference, and developing newsletters.
- Staff continued to produce hay lists that are very important to producers for identifying potential supplies for local and export markets.
- Staff assisted with the provincial Forage Symposium, which was held in Winnipeg and is now an annual event.
- Extension activities were centered on the agronomy and management techniques required to produce good quality exportable hay as staff continued to support the establishment and development of a viable hay processing industry in the region and province. Demonstration plots were developed throughout the region to support this effort.
- Staff organized a one-day grazing seminar to address the increased interest in grazing management by traditional livestock producers and by general crop farmers who were considering diversifying into forages and livestock.
- One-day seminars that focused on management of forages in a drought were held.
- Staff participated in rotational grazing demonstrations and various forage-related projects located at the Narcisse Community Pasture and several on-farm sites. The goals of these projects were to demonstrate effective pasture management, to maximize gain on pasture forage varieties, and to continue to attract producers as consignors of cattle and tour/workshop participants.
- Staff assisted the provincial forage adaptation and variety testing program at test centres at Arborg, St. Pierre, and Neepawa. Activities included the evaluation of forage cultivars for herbage yield and winter hardiness.
- Staff co-operated with the Manitoba Forage Seed Association (MFSA) in the operation of the Western Grass Seed Test, a variety test co-ordinated across the western provinces.
- Staff were involved in forage research and development in Western Canada for both forage seed and forage management, in co-operation with Agriculture and Agri-Food Canada, other provincial departments, MFSA, seed trade companies, and the University of Manitoba.
- Staff assisted in publishing *Seed Manitoba* and the publication of the national *Forage Seed News*, as well as publishing forage seed production guides for perennial ryegrass and timothy in co-operation with Alberta Agriculture, Food and Rural Development.
- Staff have led efforts in developing the grass seed production industry in Western Canada.

- Staff have co-ordinated an investigation effort in weed disease and insect control in forage and forage seed crops, leading efforts to address disease issues in both legume and grass seed crops with a series of investigative trials across Manitoba. Through these efforts, three pesticide products were supported for minor use evaluation by Agriculture and Agri-Food Canada.
- Staff assisted in evaluating, testing, and promoting new cropping options including the investigations carried out through the Stonewall and District Innovative Crops Committee in the South Interlake. They also worked with Agriculture and Agri-Food Canada, the University of Manitoba, industry, and commodity groups on winter wheat, oats, soybeans, edible beans, and other new crop alternatives.
- Staff provided data on the performance of new varieties of large acreage crops and demonstrations of novel/special crops through the use of two Manitoba Crop Variety Evaluation Team (MCVET) sites. They organized meetings and tours to present the new crops and varieties to producers and industry partners.
- Staff assisted in the writing of provincial publications providing producers with timely crop production and protection information.
- Staff organized district, regional, and provincial crop production meetings and tours on crop-related topics.
- Staff assisted crop commodity clubs to provide producers with in-depth production and marketing skills.

Soil and Water Conservation

- Staff conducted 3,874 consultations regarding agricultural conservation planning and programming. Approximately 2,500 farmers, municipal officials, and non-agricultural residents participated in project related meetings and field days.
- On-farm conservation and sustainable agricultural activities included field days, presentations, newsletters/releases, and other media coverage, and reached in excess of 130,000 producers, municipal councillors, and general public.
- Eight participating groups received funding for 33 projects under the Covering New Ground Program. In addition, Covering New Ground provided support for two regionally administered projects.
- Staff responded to 244 subdivision requests and inspected 115 sites to evaluate those requests.
- Thirty-three meetings were held with stakeholders on zoning and land use issues.
- Three Provincial Technical Advisory Committee meetings were attended.
- Staff continued to assist seven planning districts and 30 rural municipalities in reviewing development plans and zoning bylaws.
- Four new Farm Practices Protection Board investigations were undertaken and follow-up inspections/reports were completed on eight prior complaints.
- The Regional Technical Review Committee reviewed a total of 13 applications for proposed livestock operations. As required by the terms of reference for the Technical Review Committee, staff carried out 13 site inspections comprised of 78 quarter sections for the purpose of evaluating site conditions and the proponent's manure management strategy.
- During the technical review process, staff had 53 contacts with proponents of new and/or expanding livestock operations, 18 contacts with municipal councils, 16 contacts with the general public, 10 contacts with consultants on behalf of the proponents, and 78 contacts with members of the Technical Review Committee.
- Of the 13 proposals reviewed, three were approved by municipal council, one was not approved, four are in the process of council review, and five are presently in the committee review process. Nine proposals involved hog operations, with two representing the dairy and poultry sector.

Livestock Production Enhancement

- Livestock activities included 8,808 general and 5,389 in-depth consultations.
- Staff made 3,599 general and 1,594 in-depth consultations relating to beef production, nutrition, breeding, insect and disease control, pasture management, livestock facilities, cattle handling, record keeping and performance programs, as well as marketing.
- Dairy extension activities included 419 general and 167 in-depth consultations.
- In swine extension, staff were involved in 680 general and 336 in-depth calls.
- The region hosted three of five Manitoba Beef Producer Seminars in Rosa, Teulon, and Eriksdale. Over 600 producers and 100 members of the agriculture and agri-business community attended these sessions that addressed topics such as a bovine spongiform encephalopathy (BSE) technical update, cattle marketing strategies, market outlook, the CAIS program, pasture system planning, and maximizing benefits from manure.
- Other beef meetings addressed topics such as alternative feeding strategies, marketing and economics, electric fencing, forage selection, annual forages, herd health, winter feeding, calving difficulties and nutrition.
- Workshops were held for beef producers on hoof trimming, body condition scoring, and ration formulation.
- BSE meetings were held in Eriksdale and Grunthal with over 600 producers attending.
- Staff continued to support the region's two dairy clubs, comprised of 450 dairy producers.
- Staff organized regional and district dairy seminars, tours, and clinics that included topics such as nutrition and mastitis, the 100-day contract, reproduction, lameness, and transition to the new generation.
- Staff were involved in two of the four largest regional dairy seminars in the province that attracted approximately 300 producers.
- Seven district swine meetings were held relating to mixing feed on the farm, profitability in the pig industry, composting mortalities, land use guidelines, nutrition, and university research activities.
- Swine extension also involved manure management plans, technical reviews, and Covering New Ground projects.
- Staff worked with producers to examine pathways to reduce the environmental impact of pig barns and to improve food quality by reducing antibiotic growth promoters.

Engineering

- Agricultural engineering extension included 872 general and 212 in-depth consultations, with activities covering beef, dairy, swine, poultry, and crop production including hay, silage and grain systems design and management.
- Environmental issues, primarily relating to manure storage and application, continued to be the main focus.
- Staff assisted producers to look at management methods and new technologies to more closely match crop needs to the nutrients produced in manure. This will help improve yields and deal with projected phosphorous issues.
- Staff assisted producers to look at possible ways of reducing odours from their hog facilities. Options considered were manure storage covers, bio-filters, aerators, and additives.
- Staff co-ordinated the installation and demonstration of an anaerobic digester, designed by DGH Engineering and located at the Cook Bros. site near Teulon. Projected benefits of the system are a reduction of odours, as well as the production of heat and electricity that could be utilized on site to reduce facility operating costs.
- Engineering assistance was given for the preparation of 13 technical review reports for livestock operations in the region.
- Contacts with beef producers dealt with production facility design and management of runoff from their facilities.

4-H and Youth

- Staff supported a 4-H program, which involved 1,195 members and 488 leaders participating in 59 4-H clubs.
- During the year, staff made 8,026 general and 1,277 in-depth contacts with 4-H clients who used the 4-H program to improve their leadership, communication, production, and life skills.
- The focus of the region's program was to provide training and opportunities in communication, leadership, and skill development. Farm and rural safety, and agriculture awareness themes were also incorporated into youth activities in the region.
- Staff were involved in activities in conjunction with the regional 4-H councils, including training events, a senior members' conference, four senior member activities, three intermediate level events, one regional junior member activity, two regional communications events, a one-week camping program, two horse shows, and a regional beef day.
- With assistance from staff, 11 district councils organized workshops, training events, fun days, 10 district leader appreciation nights, and district communication events.
- Staff attended the club achievement days and presented achievement awards and certificates and seals to 4-H leaders.

Home Economics

- Home economists were involved in 7,418 general and 1,308 in-depth consultations.
- Four editions of *Family Connections*, in its 29th year of publication, were written by staff and covered topics related to Manitoba Agriculture, Food and Rural Initiative's strategic road map. The magazine had 839 mail outs and 187 e-mail subscribers. A total of 31 *Family Connections* articles and 34 *Did You Know* messages were posted on the MAFRI website.
- Other communication activities included writing news columns for local newspapers, radio spots, and office newsletters.
- Home economists were involved in Provincial Bold New Initiatives. Food safety was the focus, and over 40 food safety connection presentations were delivered and 10 displays presented at functions throughout the region.
- In 2002, a regional cuisine initiative was spearheaded in the region with the development of a Regional Cuisine Website Directory. Eighty-two Manitoba producers are using this tool as a link with chefs and restaurateurs to market more than 150 locally produced foods. As well, a tour for chefs was organized to visit three operations.
- In co-operation with Healthy Women, Healthy Communities, home economists assisted in the planning and facilitation of Wellness Days in nine communities in the southeast and northeast areas. Two more Wellness Days were organized for 2004.
- Staff assisted with a rural community support team in the North Interlake. The multi-disciplinary team was created to help with the fallout of BSE, offering farm families information about finances, living in times of crisis, and how to be a good neighbour. Funds were provided by the Mennonite Disaster Services, Manitoba Division and some of the funding was used to help augment a Christmas hamper program.
- Staff monitored the BSE situation closely in the eastern part of the province, and contact was made with managers of mental health services in South Eastman Health Authority and North Eastman Health Authority to provide an overview of the impact of BSE on the farm community. Well over 200 factsheets and resource packages were sent out to helping professionals.
- Leadership skill development activities included involvement with 4-H groups, agricultural societies, the Women's Institute, interagency/wellness coalitions, other strategic alliances, and farm safety initiatives days throughout the region.
- Provincial activities included working with the Direct Farm Marketing Conference and the Manitoba Farm Women's Conference.
- Home economists staffed displays at the Red River Exhibition and at Amazing Grains to promote agriculture awareness and farm safety to the urban/rural consumer.
- Home economists organized and promoted five tours on the diversity of agriculture in the region.

Value Adding and Diversification

- There were 1,608 general and 475 in-depth contacts with a value-added and diversification focus, as staff provided advice and technical information on business development, marketing, financing, production technology, and the economics of value-added and diversified agricultural products.
- Consultations, seminar presentations, and tours were held involving areas such as ethanol, fish farming, niger seed for the birdseed market, beef feedlots, saskatoon production, grass-fed livestock, roasting soybeans, custom composting, regional cuisine, sea buckthorn, hemp, biodiesel, Christmas trees, woodlots (hybrid poplar), herbs and spices, flax as a nutraceutical, oriental vegetables, pastured poultry, agri-tourism, bed and breakfasts, rural craft businesses, organic production, pesticide-free production, greenhouses, market gardens, U-pick fruits and vegetables, food processing, food service, mushrooms, consumer trends, marketing, and value chains.
- Staff assisted Prairie Lane Saskatoons of Petersfield in planning a two-day event showcasing the saskatoon industry to food buyers and brokers from the United Kingdom and U.S., as well as to growers from the three Prairie Provinces.
- Manitoba Agri-Ventures Initiatives (MAVI) provided funding to Eastern/Interlake Agri-preneurs for marketing sheep products, bedding plants, organic food products, forages, functional foods, and fruits.

Manitoba Crop Insurance

- Eastern/Interlake Region staff allocated approximately four percent of their time to the Manitoba Crop Insurance Program.
- Staff provided support regarding program explanation, Seeded Acreage Reports, and Harvested Production Reports.

Agricultural Crown Lands

- Four land representatives located in Dominion City, Teulon, Arborg, and Ashern monitored and administered 543,686 acres of agricultural Crown land identified for agricultural production, and encouraged improved management and production of these lands.
- The four districts had a total of 959 forage leases, 45 cropping leases, 137 casual hay/grazing permits, and 214 renewable hay/grazing permits.

Sustainable Development

Covering New Ground

- The Covering New Ground (CNG) program, Manitoba's agricultural sustainability initiative, provided the financial thrust for sustainable programming in the Eastern/Interlake Region.
- Thirty-eight CNG-supported projects, in partnership with eight regional producer/conservation groups, addressed sustainability principles for the region.
- The extensive level of sustainable programming managed by MAFRI's Eastern/Interlake regional staff emphasizes the priority given to the economic, social and environmental well-being of the region's diverse rural landscape.

Integration of Environment and Economic Decisions (Principle #1)

- Fifteen projects throughout the region focussed primarily on improved pasture systems, forage feed improvement and testing, pasture water quality, on-farm water management, and winter wheat extension.

Stewardship (Principle #2)

- Seven projects addressed issues relating to water quality monitoring of the Whitemouth and Rat River systems and riparian management, as well as deep nutrient monitoring/management of manured/non-manured fields compared to those that are commercially fertilized.

Shared Responsibility and Understanding (Principle #3)

- A series of producer workshops and symposiums were organized throughout the region, addressing sustainable awareness, sustainable forage production, and livestock production systems.

Prevention (Principle #4)

- A field day titled "*Dealing with Crop Disease*" helped producers with the identification of pathogenic diseases of wheat and canola, and provided control management strategies that focussed on environmental protection.

Conservation and Enhancement (Principle #5)

- Projects focused on lagoon odour reduction, abandoned wells, and watering alternatives for pastured livestock

5 (d) Eastern/Interlake Region

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	3,297.1	66.46	3,478.3	(181.2)	
(2) Other Expenditures	1,213.3		1,240.0	(26.7)	
TOTAL EXPENDITURES	4,510.4	66.46	4,718.3	(207.9)	

Appropriation 5 (e) - Agricultural Crown Lands

The objective of the Agricultural Crown Lands Branch is to administer leases and permits as set out in policy, and to represent the agricultural interests in Crown Lands for the benefit of both lessees and the Province of Manitoba.

The branch represents the agricultural interests in the provincial government's assessment of Crown land for multi-resource use. Staff participate actively on the Bloc Planning Committee and the Crown Lands Classification Committee to ensure that suitable lands are classified for agricultural use.

During 2003/2004, the branch provided administration and management of 2.4 million acres of Crown land with 2,297 long-term forage leases involving 1,576,495 acres, and 81 cropping leases, involving 10,844 acres. The remaining lands are offered for permit on a yearly basis.

Agricultural Crown Lands staff provide a liaison with Prairie Farm Rehabilitation Administration and their community pasture program that operates primarily on provincial Crown land. During the 2003 summer grazing season, approximately 54,487 head of cattle and 3,537 horses/colts used 24 PFRA pastures.

5 (e) Agricultural Crown Lands

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	719.8	15.00	660.1	59.7	
(2) Other Expenditures	275.9		283.0	(7.1)	
TOTAL EXPENDITURES	995.7	15.00	943.1	52.6	

Appropriation 6
Policy and Economics

The Policy and Economics Division coordinates long-term policy and program development for Manitoba Agriculture, Food and Rural Initiatives (MAFRI). This division conducts analysis and provides agricultural statistics, marketing, and production information to the general public and staff. Policy and Economics provides funding for the administration of various boards and commissions.

Appropriation 6 (a) - Economics

The primary objectives of the Economics Branch are to provide:

- analysis/evaluation/facilitation and management support documents towards enhancing the economy and effectiveness of the department's programs and activities
- research, analysis, and strategic policy advice to support the department's response to industry challenges
- policy advice involving the Agricultural Policy Framework (APF), and to provide central coordination for its implementation
- professional support to the industry and the province regarding agricultural trade policy issues
- coordination of long term policy and program development within the department
- agricultural statistical, marketing, and production information to farmers, the agriculture and agri-food industry, and staff

Program Analysis Section

During 2003/2004, the Program Analysis Section coordinated and edited an updated version of the *Programs and Services* profiles found on the department's Home Page. These profiles inform readers, especially the public, of client services available through the department. In addition, the section also coordinated the annual updating of other documents.

The section coordinated the completion of several surveys, including compilation of data on the department's research and scientific activities. Further, the section communicated the department's progress in implementing *Destination 2010*.

The branch was involved on the Home Page Management Committee that provided leadership in coordinating information on the department's Home Page. The Home Page is located on the World Wide Web, where producers, agribusiness, and MAFRI staff obtain timely information concerning crop production, livestock production, and current climate conditions. The Home Page serves as a tool to inform the general public about Manitoba's diverse, safe, and nutritious products. Staff maintain over 8,000 files online, with over 1.8 million page views of the site annually.

Some of the 2003/2004 enhancements for the Home Page involved:

- bovine spongiform encephalopathy (BSE) programs and information, such as the Manitoba Beef Buyer's Guide
- Information regarding APF from a Manitoba perspective, Hometown Manitoba, and The U.S. bioterrorism Act of 2002
- Hay Kids, a fun and educational site for children, parents and educators

- The Family Farm Business Gateway offering links to all essential components of farm business planning
- Agri-maps that provide MAFRI GIS information in a dynamic, interactive web-based format

The section also plays a leadership role in the Project 2000 Initiative. This program is aimed at providing support to young and beginning farmers as well as intergenerational transfer issues. The components include mentoring, "Your Future in Farming", and "Bridging Generations Initiative", the financial component through Manitoba Agricultural Credit Corporation (MACC). Under the "Your Future in Farming" component, the initiative launched a "Young Farmers" newsletter in 2003/04 that profiles dynamic young Manitoba farmers and provides information about departmental, MACC and Manitoba Credit Corporation programs for young farmers.

Policy Analysis Section

During 2003/2004, the Policy Analysis Section staff participated in a federal-provincial-territorial process that established the Agricultural Policy Framework (APF), a five-year federal-provincial-territorial agreement focused on providing a stable long-term policy framework upon which Canada's agricultural industry can build. The APF replaced the existing Framework Agreement on Agricultural Risk Management and broadened it to five key areas: Food Safety and Quality, Environment, Renewal, Science and Innovation, and Business Risk Management. Staff provided input to the Implementation Agreement (signed on September 19, 2003) and participated on the Federal/Provincial Management Committee which is responsible for the implementation of various chapters under the APF. As well, staff members were involved in the development of two programs, Production Insurance and the Canadian Agricultural Income Stabilization (CAIS) Program which comprise the Business Risk Management pillar of the APF.

Staff provided support to Manitoba's response to the discovery on May 20, 2003 of Canada's first native born case of BSE. Staff collaborated with the federal government and other provinces to press the United States for fair trade – including a special meeting of the Provinces/States Advisory Group (PSAG), held in Washington, D.C. Staff provided economic analysis of the impacts of BSE and participated in the development of Manitoba programs which are designed to help producers weather these impacts.

Staff provided support to the Tri-National (Canada/U.S./Mexico) Accord meetings in Mexico. Staff developed policy and worked with the federal government on a number of bilateral and multilateral trade issues (in addition to BSE) such as the U.S. challenge on hog countervail, CWB issues, U.S. Bioterrorism Act, pesticide harmonization (U.S.), genetically modified organisms, and U.S. proposals on country of origin labelling (COOL). In addition, staff provided Manitoba perspectives to the Government of Canada on international trade negotiations including World Trade Organization (WTO) and Free Trade Area of the Americas (FTAA) negotiations.

The section provided input on a number of other issues including grain handling and transportation, farm taxation, climate change mitigation and adaptation, water resource management, and Manitoba Crop Insurance's wildlife damage compensation program. Staff also provided support to the Agri-Food Research and Development Initiative Council.

Staff participated in regional and provincial meetings to update producers and staff on agricultural policy issues. Staff participated as members of three Destination 2010 Champion Teams which included Sustainability, Diversification and Adding Value, and Market Development.

Market Analysis & Statistics Section

The Market Analysis and Statistics Section assisted Statistics Canada with data preparation and advised Statistics Canada staff on how to improve the accuracy of selected Manitoba agricultural statistics. The section published the annual *Manitoba Agricultural Review* and the annual *Manitoba Agriculture Yearbook*. Statistical releases were prepared on items such as quarterly farm cash receipts, net farm income forecasts, farm finance and bankruptcies, crop production estimates, and trade data.

Other publications prepared by staff included *Manitoba Agricultural Statistics*, *Manitoba Livestock Industry Profiles*, *Manitoba Poultry Industry Profiles*, *Manitoba Grains* and *Oilseeds Industry Profiles*, *Manitoba Pulse, Forage and Specialty Crops Industry Profiles*, and *Manitoba Potatoes*, and *Other Vegetables Industry Profiles*.

A large portion of staff time involved assisting producers, other members of the agri-food industry, and general public with requests for agricultural statistical and marketing data and forecasts.

The Market Analysis and Statistics Section prepared and published the *Manitoba Markets Weekly Report* which summarizes crop and livestock market conditions. Periodic market outlook presentations were prepared, with public presentations made to producer groups and financial institutions. Staff participated in organizing Grain World 2004 in Manitoba. Staff also participated in regional meetings throughout the year to update farmers and staff on current market conditions and prospects.

Staff participated in the calculation/assessment of appropriate crop and livestock prices for use in monitoring the BSE situation, and for other various programs, such as BSE compensation. These programs were administered by MCIC, Canadian Agricultural Income Stabilization Program (CAIS), and MACC.

6 (a) Economics

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	1,251.4	19.00	1,253.8	(2.4)	
(2) Other Expenditures	265.9		374.1	(108.2)	
TOTAL EXPENDITURES	1,517.3	19.00	1,627.9	(110.6)	

Appropriation 6 (b) - Boards and Commissions Support Services

Boards and Commissions Support Services includes the following council, agency, boards and commission:

- Manitoba Farm Products Marketing Council,
- Manitoba Milk Prices Review Commission,
- Manitoba Farm Machinery Board,
- Agricultural Producers' Organization Certification Agency,
- Manitoba Farm Practices Protection Board
- Manitoba Farm Mediation Board, and
- Manitoba Farm Lands Ownership Board

Manitoba Farm Products Marketing Council

The objective of the Manitoba Farm Products Marketing Council is to provide effective administration of *The Farm Products Marketing Act*. The council is responsible for supervising the operations of various boards and commissions, and enforcing the regulations. It serves as an appeal body for individuals affected by a regulation, order, or decision of these boards and commission.

Staff supports the work of the council members by providing required background documentation and analysis for meetings and appeals. As well, staff reviewed regulatory proposals and amendments and national marketing issues. Council staff advises the Department Executive on marketing policy issues and respond to public and producer inquiries. They maintain regular contact with management staff of the boards and commission, other provincial supervisory councils, and the National Farm Products Council.

In 2003/2004, the council supervised the following boards and commission:

- Manitoba Beekeepers' Association,
- Manitoba Broiler Hatching Egg Commission,
- Manitoba Chicken Producers
- Manitoba Egg Producers,
- Manitoba Milk Producers,
- Manitoba Pork Council,
- Manitoba Turkey Producers, and
- Peak of the Market

The council convened eight meetings at which two appeals were heard, and eight delegations made presentations. The council's activities were primarily focused on: implementation of the Gislason Report, recommendations for the hatching egg industry, engaging the services of a mediator to address the issues of concern between hatching egg producers and hatcheries, reviewing and recommending approval of three Marketing Plan Regulations, approving a retirement and reallocation system for potatoes, intervention in the Saskatchewan Signatories' Appeal before the National Farm Products Council, quota values, and regulatory changes to various Quota Orders and Levy Regulations.

Manitoba Beekeepers' Association

In compliance with the council's directive, the Manitoba Beekeepers' Association developed a registration form acceptable to the council, compiled an accurate and complete list of registered producers in accordance with the Administration By-law 1/92, and convened and conducted the annual meeting at which new elections were held.

Manitoba Broiler Hatching Egg Commission

On January 29, 2004 the council met with the members of the Commission and indicated that a deadline of March 31, 2004 had been established for the Members to conclude their review of the outstanding concerns, and to put in place a regulation that assures all participants will be licensed and registered.

The council cautioned the members that failure to resolve this issue by the deadline will cause the council to have a new regulation imposed on the hatching egg industry requiring all participants to be licensed and registered. This new regulation will, in the opinion of the council, be both fair and equitable to all participants.

The council's offer of mediation services was accepted by the members. At the request of the producers and hatcheries, and support from the mediator, the deadline was extended to May 14, 2004.

The council heard an appeal by the Manitoba Broiler Hatching Egg Producers Association against the Commission's decision to dismiss a motion to enforce the Hatching Egg Producer Registration and Broiler Hatchery Licensing Regulation. The appeal was dismissed on the basis that enforcement of regulations is not within the Commission's authority as set out in *The Farm Products Marketing Act.*

Manitoba Chicken Producers

The council heard an appeal by a registered producer against the Board's decision to assess an over quota monetary penalty. The council found that the penalty was assessed in accordance with the Chicken Broiler Penalties Levies Regulation, and that the Board had afforded sufficient information and provided ample opportunity for producers regarding the implementation of the single cycle production system. The appeal was dismissed.

The council approved a revised Administration By-law which had been amended at the request of the council. On the recommendation of the council, a revised Manitoba Chicken Broiler Producers Marketing Plan received Lieutenant Governor Council approval.

Manitoba Egg Producers

The council and the board intervened in the Saskatchewan Signatories' complaint against the Canadian Egg Marketing Agency's (CEMA) proposed quota and levy orders for 2004. The Manitoba Signatories sought the National Farm Products Council's direction as follows:

- confirm the status of the Report of the Egg Complaint Committee - May 2000, in particular the continued use of hen/population ratios for purposes of allocating above base quota to member provinces.

- clarify what factors the council considers reasonable for "maintaining and promoting an efficient and competitive agriculture industry".

- clarify the decision not to prior approve CEMA's quota and levy orders for 2004, even though similar conditions of uncertainty and potential disruption prevail in the absence of quota and levy orders, as was the case in 2000.

- clarify what constitutes a given threshold appropriate to the criteria in the plan that the council requires to "satisfy itself" that a proposed order or regulation complies with the marketing plan and the Act.

A decision on the Saskatchewan Signatories' complaint remains pending.

The council, with assistance from the board, is revising the Marketing Plan to be consistent with the terminology and authorities provided in *The Farm Products Marketing Act.*

Manitoba Pork Council

Manitoba Pork Council focussed primarily on research activities involving manure management, hog production, environmental practices, quality assurance, and animal welfare. Additional activities involved industry training, market development, promotion, and consumer awareness. However, with the advent of the U.S. Department of Commerce initiation of two separate investigations against live swine exports from Canada, Manitoba Pork Council began curtailing certain activities to concentrate on addressing the trade allegations.

The council approved a reduction in the Hog Administration Levy to $0.80 per hog and $0.19 per exported weanling.

Manitoba Milk Producers

Manitoba Milk Producers continued to participate in an all market and all revenue sharing agreement with Saskatchewan, Alberta, and British Columbia (P4) but withdrew from the All Milk Pooling Agreement (P6). The P4 Coordinating Committee met regularly to discuss and set policy with respect to the Western Milk Pool. The Technical Committee reviewed the policies proposed by the Coordinating Committee and recommended action on technical matters.

The Coordinating Committee worked on issues such as the Plant of Last Resort Agreement, MSQ adjustments, bio-security, fluid milk promotion, and fluid cream milk classification.

The council, with assistance from the board is revising the Marketing Plan to be consistent with the terminology and authorities provided in *The Farm Products Marketing Act.*

Manitoba Turkey Producers

On the recommendation of the council, a revised Manitoba Turkey Producers Marketing Plan received Lieutenant Governor Council approval.

The board has indicated its dissatisfaction with the Canadian Turkey Marketing Agency's 2004/2005 quota allocation and has initiated consultations with the council as to appropriate actions to take.

Peak of the Market

The council approved an amendment to the Potato Quota Order which introduced an annual Retirement and Annual Potato Quota Reallocation Program. The first program resulted in 11,008 - 75 lb bags of potatoes being reallocated.

Manitoba Milk Prices Review Commission

The Manitoba Milk Prices Review Commission was established under *The Milk Prices Review Act,* 1980. Its mandate is to set a producer price for fluid milk, and to monitor and control wholesale and retail milk prices as required. In 2003/2004, the commission convened one meeting.

The commission met with Manitoba Milk Producers once during this period to determine if new producer prices for fluid milk were required. The commission reviewed two scenarios of the Manitoba Dairy Farm Cost of Production (COP) Summary dated August 27, 2003. The first scenario indicated a price decrease of $2.66/hl for the producer, decreasing the producer price for fluid milk from $73.94/hl to $71.28/hl.

The second scenario showed a price increase of $1.01/hl for fluid milk from $73.94/hl to $75.95/hl. This was the result of information provided by the Manitoba Milk Producers concerning the value of cull cows and bull calves. The Manitoba Milk Producers put forward the position that due to bovine spongiform

encephalopathy (BSE), herd replacement costs have increased from $15,392 to $28,061. This increase was the result of no markets being available for cull cows and bull calves.

The commission recommended that the producer price of fluid milk remain unchanged at $73.94/hl due to the effect of BSE on the COP Summary, particularly on the value of herd replacement costs.

Manitoba Farm Machinery Board

The Farm Machinery Board administers *The Manitoba Farm Machinery and Equipment Act*, involving the board with all segments of the farm implement industry: producers, dealers, distributors, and manufacturers. In 2003/2004, three board meetings and six conference calls were held.

The Farm Machinery and Equipment Act requires lenders financing farm machinery by means of a lien note security document, to apply to the board for leave to repossess when an account falls under arrears and before repossession can occur. Manitoba is the only jurisdiction in Canada requiring a quasi-judicial body's judgement before farm machinery repossession can occur.

In 2003/2004, the board received and processed 78 applications for leave to repossess, a decrease of 45 (37 per cent) over the same period in 2002/2003. The board licensed 190 dealers and 114 vendors.

Agricultural Producers' Organization Certification Agency

The Agricultural Producers' Organization Funding Act requires that the agency certify one general farm policy organization and provide a funding mechanism for designated commodity organizations.

In 2003/2004, the agency convened one meeting and one conference call.

The agency conducted an annual meeting with the designated commodity associations to review their activities from the past year and to be informed about their anticipated projects for the upcoming year. The agency met with the Manitoba Canola Growers Association, Manitoba Forage Seed Association, Manitoba Pulse Growers Association, Manitoba Corn Growers Association, and the Manitoba Buckwheat Growers Association.

The agency undertook a referendum amongst sheep producers and 75.2 per cent of the producers who voted on the petition responded in favour of the Manitoba Sheep Association being designated as the representative organization to fund research and development of sheep and sheep products. The agency also conducted a referendum amongst sunflower producers and 64.8 per cent of the producers who voted on petition responded in favour of the National Sunflower Association of Canada being designated as the representative organization to fund research and development of sunflowers.

The agency accepted the petition of the Manitoba Oat Growers Association and a referendum amongst the oat producers was being scheduled.

Manitoba Farm Practices Protection Board

The Farm Practices Protection Act establishes a process for reviewing and mediating disputes arising from practices of legally established agricultural operations. The Act is intended to protect agricultural operations that are conducting their activities in a normal manner, as well as to bring about changes in practices that are unacceptable and disturb neighbours.

During 2003/2004, the Board convened six meetings, and heard four complaints. One complaint related to spray drift and three to odour disturbances. The board upheld all four complaints and ordered the agricultural operations to modify their farm practices to be consistent with normal farm practices. Two complaints were withdrawn and one complaint was refused.

Manitoba Farm Mediation Board

The Manitoba Farm Mediation Board conducts the program delivery activities of *The Family Farm Protection Act.* The board assists farmers in improving and sustaining their farming operations under difficult economic conditions through mediation with their creditors, financial counselling, and loan payment guarantees.

During 2003/2004, the board received 127 applications from both farmers and lenders for assistance in resolving financial difficulties. These applications resulted in 121 new mediation cases. There were 47 cases in progress from the previous year, for a total of 168 cases for mediation. Of this total, 112 cases were completed during the year, with 74 requiring a formal mediation process. Of those completed, 54 resulted in an agreement, representing a success rate of 73 per cent.

The board administers the Special Farm Assistance Fund. The fund was established to help producers obtain an arrangement involving continued credit facilities or a leaseback of property conveyed to creditors. Two types of guarantees were offered in 2003/2004, loan payment guarantees and security value guarantees, and emergency operating assistance was provided in four urgent situations. In order to qualify for a guarantee, the operation must demonstrate viability and the producer, the lender, and the board must agree to a farm financial plan.

In 2003/2004, the board approved new guarantees for 14 farm clients, with a total liability of $366,146 over a maximum four-year period. There were 54 farmers who had guarantees during the year, with a total potential liability of $637,862. The actual amount paid was $113,093, or 17.7 per cent of the liability. The fund is provided by Manitoba Agriculture, Food and Rural Initiatives through the Manitoba Agricultural Credit Corporation.

The board held seven meetings to review activities and policy issues, and to consider guarantee requests.

Farm Lands Ownership Board

The Farm Lands Ownership Board considers applications for exemption under the *Farm Lands Ownership Act*, from non-Canadians and public organizations who wish to acquire an interest in farm land in Manitoba. The objective of the Act is to ensure that farmland resources are preserved for existing and future generations of Canadians.

The Act allows unrestricted ownership by all Canadian citizens and permanent residents, strictly Canadian owned organizations, and qualified immigrants. Individuals or corporations not qualifying for unrestricted ownership are limited to 40 acres of farmland unless they receive an exemption from the Board.

In 2003/2004, the board received 67 applications for exemption, nineteen involved non-Canadian individuals and corporations and the other 48 were comprised of Canadian-based corporations and other organizations with some non-Canadian interests. There were two applications still under consideration from the previous year. Of the 67 applications that were considered, 65 were approved and the other two were declined. Some of the approvals were made subject to certain conditions, such as becoming Canadian residents. In 50 of the cases (75 per cent), the board's decision was made within 30 days of receiving the application.

The board met seven times in 2003/2004 to consider applications for exemption and to review policy issues.

Sustainable Development

The Manitoba Farm Practices Protection Board supports the sustainable expansion of the crop and livestock industries by mediating nuisance disputes between farm operations and the surrounding neighbours. The board works in co-operation with Manitoba Conservation on complaints that involve possible damage to the environment or ecosystem.

6 (b) Boards and Commissions Support Services

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	401.8	7.19	437.1	(35.3)	
(2) Other Expenditures	542.7		604.2	(61.5)	
TOTAL EXPENDITURES	944.5	7.19	1,041.3	(96.8)	

Appropriation 7
Agriculture Research and Development

The overall objectives of Agriculture Research and Development are: to provide funding for an agriculture development and research initiative aimed at enhancing diversification and value added opportunities in Manitoba's agri-food sector; to provide funding assistance and support to provincial and local organizations to encourage the adoption of sustainable agricultural practices; and to provide funding in support of agricultural research.

Appropriation 7 (a) - Agri-Food Research and Development Initiative

The objective of the Agri-Food Research and Development Initiative (ARDI) is to provide funding for research and development in support of economic growth and adaptation of Manitoba's agriculture and agri-food sector to meet the changing realities of the global marketplace.

The Province of Manitoba contributed $1,000,000 to ARDI in 2003/2004. To date, ARDI has approved over 300 projects with financial commitments totalling $20.5 million over the lifetime of the program. Funding of ARDI by Manitoba has totalled $14.1 million since the program began with a federal contribution of $6.6 million. ARDI has the objective to provide, on average, 50 per cent of total funding for research and development projects, with matching dollars contributed by industry. This will translate into new investments in research and development totalling $41.0 million in Manitoba.

ARDI provides project-by-project financial support to commodity groups, individuals, industry, and institutions based upon expected potential for return on investment dollars. This program focuses on value-added processing, enhanced production, and exporting of higher value products.

There are three major partners involved in the management of the ARDI program. The ARDI Program Council is responsible for developing ARDI program objectives, policies, and project assessment criteria. The council also prioritizes ARDI funding and approves eligible project proposals. The ARDI Program Council is an independent committee with representatives from the agriculture and agri-food sector, along with federal and provincial non-voting members.

The Manitoba Association of Agricultural Societies (MAAS) carries out the day-to-day administration of ARDI. MAAS accepts and coordinates funding proposals and administers the disbursement of funds. Manitoba Agriculture, Food and Rural Initiatives (MAFRI) Program Advisors provide advisory assistance to MAAS and the ARDI Program Council, by facilitating assessments of eligible project proposals on behalf of the council.

In 2003/2004, ARDI helped to fund many diverse projects in the following eligible categories:

- commodities that are well-established and present additional growth or development opportunities;
- commodities that are new or alternative and present opportunities for development in Manitoba;
- innovative development of machinery or equipment for production or processing enhancement;
- biotechnology;

- sustainability of the resource base and the environment; and
- other innovative proposals.

Sustainable Development

Manitoba continued to fund ARDI projects, fourteen of which met the criteria of sustainable development during the 2003/2004 fiscal year for a combined research expenditure of $256,207. The research subjects included examining the usage of biopesticides and biocontrols, methods to control fusarium head blight in oats; and refining risk prediction models for fusarium head blight spore release as a variability of weather.

7 (a) Agri-Food Research and Development Initiative

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
-Grants/Transfer Payments	1,000.0		1,000.0	-	
TOTAL EXPENDITURES	1,000.0		1,000.0	-	

Appropriation 7 (b) - Agricultural Sustainability Initiative – Covering New Ground

The objectives of the Agricultural Sustainability Initiative are: to facilitate the adoption of effective resource management and environmentally sustainable practices to enhance long term sustainability and competitiveness of the agri-food sector; and to facilitate the conservation and enhancement of the natural soil, water, and atmospheric resources that agriculture uses and shares by ensuring the environmental sustainability of the practices employed in the agri-food sector.

Covering New Ground funds activities in three specific areas: sustainable crop management; sustainable forage/livestock management; and integrated pest management, with a goal of developing on-farm management activities to address environmental challenges. Delivery of programming occurs through: local producer groups on a four-region basis; provincial based commodity and agricultural organizations; and two regional crop diversification centres – the Parkland Crop Diversification Foundation and the Souris Valley Irrigation Centre.

In 2003/2004 the four regions delivered programming totaling approximately $522,000.

The Southwest Region, through 12 local delivery groups, undertook 17 projects. The three priority areas for the Southwest Region were: crop production; livestock production; and forage production.

Eight local groups delivered 24 projects in the Northwest Region. The three priority areas for the Northwest Region were: Pasture/Forages and the Environment; Agriculture and Environmental Water Quality Issues; and Annual Crop Production and the Environment.

Thirteen local delivery groups undertook approximately 30 Central Region projects. The three priority areas for the Central Region were: Appropriate Land Use and Promotions of Best Management Practices; Water Quality and Quantity; and Input Management.

The Eastern/Interlake Region, through seven local delivery groups, undertook and coordinated 39 projects. The three priority areas for the Eastern/Interlake Region were: Forage and Forage Seed Production; Livestock Production; and Crop Production.

Sixteen provincial organizations, with the support of Manitoba Agriculture, Food and Rural Initiatives' (MAFRI) staff, carried out a wide range of activities funded at $249,000. The three priority areas for the Provincial Group were: Fertilizer and Manure Impacts on Soil and Landscapes; Erosion on Sensitive Soils and Landscapes; and Agriculture Pest Management Strategies.

The two regional crop diversification centres in Melita and Roblin conducted 30 different trials dealing with crop diversification opportunities, including irrigated crop production. Funding for the two centres was approximately $145,000.

Communication of activities occurred through newsletters, radio interviews, news releases and articles, seminars, workshops, field days, fact sheets, guides, reports, and other extension materials.

Sustainable Development

In 2003/2004 the Covering New Gound (CNG) program followed a number of the Principles and Guidelines of Sustainable Development.

The Soils and Crops Branch administers the provincial agricultural sustainability initiative, or the CNG program. The mandate of the CNG program is to promote the awareness and adoption of agricultural

practices that promote economic sustainability while improving the long-term sustainability of the natural ecosystem and social institutions. CNG accomplishes this mandate by partnering with local producer groups, provincial commodity associations, and crop diversification centres to deliver applied research, demonstration, and technology transfer projects. A listing of all CNG project results can be found at the Covering New Ground searchable database at http://web2.gov.mb.ca/agriculture/cng/index.php.

Integration of Environment and Economic Decisions (Principle #1)

- Projects such as *IPM Strategies for Forage Seed Production* look for environmentally and economically sustainable solutions to producer concerns.

- One of the CNG priorities for the Central Region is to promote and increase appropriate land use and best management practices. These are practices that consider environmental and economic benefits.

- The *Best Practices: Municipal Management Plans for Controlling Leafy Spurge* project recognized that there was both an environmental and economic concern about the spread of leafy spurge. The proponents have been successful in receiving contributions and action from producers, municipal governments, and other stakeholders. This allows for a balanced and integrated approach to addressing a common concern.

Stewardship (Principle #2)

- By providing a source of funding that is accessible at the grassroots level, the CNG program is encouraging producers and local organizations to develop their vision of sustainable agriculture.

- In a recent consultation, producers understood that the term "sustainable agriculture: and the responsibility of stewards of the land" recognizes the importance of maintaining agriculture resources for future generations.

- The *Hog Manure Application on Forages* project examines ways to incorporate hog manure as a fertilizer in perennial cropping systems. This project builds on one sustainable agriculture technique – perennial crops – and examines how man-made chemical inputs can be replaced by livestock manure.

Shared Responsibility and Understanding (Principle #3)

- The CNG program addresses the principle of shared responsibility and understanding by bringing together partners from government, producers, environmental organizations, industry, and academic institutions. CNG projects are developed by partners with shared goals and understandings.

- Public education and involvement is a component in the majority of CNG projects. The CNG focuses on partnerships with local organizations and also promotes public involvement.

- CNG projects have developed newsletters and fact sheets for producers and hosted field trips and workshops. A primary objective of many CNG funded projects is the dissemination of information about new technologies and techniques for sustainable agriculture.

- The *Agricultural Sustainability Awareness* project and the *South Tobacco Creek* project raise awareness about sustainability issues in the community.

Prevention (Principle #4)

- Many CNG projects are designed to monitor, prevent, and mitigate adverse environmental, social, and economic effects. For example, one of the CNG priorities for the Northwest Region is a 10 per cent decrease in agricultural density along waterways to help prevent phosphate contamination and stream bank erosion.

- The *Monitoring Water Quality in the Whitemouth River* project monitors surface water quality. One of the outcomes of the project is a historical record of water quality that can be used to identify changes over time, and possibly be used to trigger mitigation.

Conservation and Enhancement (Principle #5)

- The *Erosion Control/Gully Stabilization* project promotes a technique that encourages soil conservation.

- The *Deep Sampling* project encourages producers to test soil nutrient levels to two feet, rather than six inches, as is often done. The result can be a more accurate reflection of soil nutrient profiles, which in turn can reduce the over-application of nutrients.

Rehabilitation and Reclamation (Principle #6)

- The *Stand Improvement and Fertility Management on Rotationally Grazed Pasture* project looks at mechanical and other means for improving pasture performance. The project also investigates the best methods for renovating and rehabilitating pasture land.

Global Responsibility (Principle #7)

- The CNG program encourages local solutions to problems and builds capacity in local organizations.

- Some CNG projects, such as *Integrated Control of Forage Legume Diseases* have served as models for programs in other areas. These made-in-Manitoba programs then can have a broader impact on agricultural sustainability.

- Although the CNG program does not fund direct research and development projects, it provides an important link in the application of new techniques and technologies. CNG projects help make the link between what is scientifically feasible and what is practical in an agricultural setting. This helps ensure continuous improvement in agricultural practice and also provides important practical feedback on scientific research.

7 (b) Agricultural Sustainability Initiative

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Other Expenditures	1,045.3		1,118.5	(73.2)	
TOTAL EXPENDITURES	1,045.3		1,118.5	(73.2)	

Appropriation 7(c) - Grant to University of Manitoba

The objective of the University of Manitoba grant is to support Faculty of Agricultural and Food Sciences research, with projects primarily aimed at enhancing the productivity and growth of Manitoba's agriculture and food sector. The grant financially assists the Glenlea Research Station and research projects conducted by the faculty.

Manitoba Agriculture, Food and Rural Initiatives funding represents a significant proportion of total government and corporate contributions for research activities of the faculty. Various departments within the faculty received grant monies to assist in their research activities. The department's grant is important in supporting the faculty's research aimed at diversifying and sustaining Manitoba's agricultural and agri-food industry.

The department's grant is a valuable resource to the faculty in assisting to attract additional outside funding for agricultural research. More specifically, the department grant serves as a valuable leverage factor in attracting additional resource commitments from other organizations.

7 (c) Grant to the University of Manitoba

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
-Grants/Transfer Payments	768.3		768.3	-	
TOTAL EXPENDITURES	768.3		768.3	-	

Appropriation 7 (d) - Grant to the Prairie Agricultural Machinery Institute

The department provides financial support to the Prairie Agricultural Machinery Institute (PAMI) for conducting agricultural research, development, and testing of farm equipment and technology aimed at enhancing the productivity and income of Manitoba's agricultural producers. PAMI operates out of Portage la Prairie, Manitoba and Humboldt, Saskatchewan. Financial support is provided through an agreement between the Province of Manitoba and the Province of Saskatchewan.

Under the terms of this agreement, Manitoba provides an annual grant of $332,500 to support PAMI activities.

PAMI applies technology as a tool for economic development through client-driven activities. These activities support Manitoba's priorities for international competition, diversification and value-added processing, livestock production, risk management, environment production, environment protection, and crop and farm safety.

Through its practical research and development, PAMI plays an important role in technology transfer to assist producers, and the industry to improve their operations.

Sustainable Development

PAMI continues to develop technologies in sustainable practices: an organic weed clipping machine; electronic tagging of livestock; alfalfa protein fractionation; fiber flax production; growing hybrid poplars with manure; bull fertility testing; beehive uncapping; corn seeding and silaging using conventional equipment; moisture harvesting with dugouts; whole animal composting; and a manual on machinery safety.

7 (d) Grant to the Prairie Agricultural Machinery Institute

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
-Grants/Transfer Payments	332.5		332.5	-	
TOTAL EXPENDITURES	332.5		332.5	-	

Appropriation 8
Amortization and Other Costs Related to Capital Assets

The main objective of Amortization and Other Costs related to Capital Assets is to provide for amortization and interest on capital expenditures.

Appropriations 8 (a) and 8 (b) - Amortization and Software Licences Related to Capital Assets

Standard accounting practices in accordance with the Canadian Institute of Chartered Accountants require expenditures on tangible capital assets be amortized over the useful life of the asset. The cost of the capital assets are recorded in Capital Investment (Part B) and amortization on a straight line basis over the periods of service provided by the assets is included as an operating expense (Part A). A half-year's worth of amortization is recorded on assets acquired or disposed of during the year. Tangible capital assets acquired during the year, with a value less than the accepted capitalization limit, were expensed in their respective operating areas.

The department's tangible capital assets include machinery and equipment, as well as the department's share of the costs related to the Desktop Management and Better Methods Initiatives. These assets are amortized over the following period:

Machinery and Equipment	10 Years
Desktop Management Initiative	Various periods ranging between 4 to 10 years
Better Methods Initiative	15 Years

8 (a) Desktop Services

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Other Expenditures:					
(1) Amortization Expense - Hardware and Transition	135.9		135.9	-	
(2) Amortization Expense - Enterprise Software	-		-	-	
(3) Enterprise Software Licenses	131.0		131.0	-	
TOTAL EXPENDITURES	266.9		266.9	-	

8 (b) Amortization Expense

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Other Expenditures	229.0		237.9	(8.9)	
TOTAL EXPENDITURES	229.0		237.9	(8.9)	

Appropriation 8 (c) - Interest Expense

Interest costs on borrowings related to investments in tangible capital assets are charged to the department based on the average net book value for the year. A half-year's worth of interest is recorded on assets acquired or disposed off during the year.

The capital asset purchases are recorded in Part B – Capital Investment. For more information on tangible capital assets see Votes 8A and 8B.

8 (c) Interest Expense

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Other Expenditures	29.5		28.0	1.5	
TOTAL EXPENDITURES	29.5		28.0	1.5	

Appropriation 9
(Voted under Intergovernmental Affairs and Trade - Appropriation 13-4)
Rural and Northern Community Economic Development Services

Overview

The functions relating to Rural and Northern Community Economic Development Services were moved to Manitoba Agriculture and Food from the former Department of Intergovernmental Affairs (Vote 13) as part of the Government reorganization in November 2003. The Rural and Northern Community Economic Development Services Division (now known as Rural Initiatives' Division), which services rural and northern communities, included two branches:

- Community and Regional Development Initiatives, with responsibility for regional development programs and services and rural policy development, including the National Rural Policy Framework
- Economic Development Initiatives, with responsibility for the Rural Economic Development Initiatives (REDI) fund and associated staff; and
- Co-operative Development Services, which provides services to urban, rural, and northern communities.

Combining Rural Initiatives with Agriculture and Food has helped increase awareness of the interdependent relationship between producers and communities, including northern communities. Communities provide goods and services, employment, social, and recreational opportunities for farmers and their families, which use amenities, and purchase goods and services. The continued growth and well being of rural and northern communities requires the commitment and involvement of farm families and vice versa.

Rural Initiatives' head office is located in Winnipeg, with community economic development staff located in several regional offices throughout the Province. The division provides advice and program information on all aspects of community economic development and business development.

Our clients include existing and aspiring entrepreneurs and co-operators located in rural and northern Manitoba, community economic development organizations, municipalities, northern community councils, and private, public voluntary sector organizations. The division also offers advice and support to co-ops in urban centres, including Winnipeg.

Appropriation 13-4a - Executive Administration

The office of the Assistant Deputy Minister coordinates policy development, analysis, and program delivery within the division. Direction is provided to divisional staff in the areas of community economic development, programming, financial service delivery, and cooperative development. The Assistant Deputy Minister's office provides the Deputy Minister, the Minister, and the Executive level of government with information and advice regarding community and economic development, cooperatives, and business development initiatives.

13-4(a) Executive Administration

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	93.6	1.00	92.3	1.3	
(2) Other Expenditures	19.7		20.4	(0.7)	
TOTAL EXPENDITURES	113.3	1.00	112.7	0.6	

Appropriation 13-4(c)

The objective of the Community and Regional Development Initiatives Branch is to foster local capacity and support the community and regional economic development efforts of rural and northern Manitobans. The branch is responsible for:

- researching and partnering with community, business, and cooperative leaders to develop community and economic development policies and strategies to support rural and northern community economic development activities;
- coordinating and participating in major events and initiatives in partnership with other key stakeholders such as Rural Forum.

During 2003/2004, the branch participated in the following areas:

- Successfully coordinated the 11th annual Rural Forum in Brandon, Manitoba, along with almost two dozen private and public sector partners. Highlights included more than 10,000 participants over three-days, over 600 Youth Forum participants, more than 200 exhibits and over 20 seminars and workshops attracting in excess of 500 registered participants.
- Continued to promote rural development and value-added sectoral expansion for both agricultural and non-agricultural products through ongoing support for the Rural Development Institute and Regional Development Corporations.
- Represented Manitoba's interests in ongoing National Rural Policy Framework discussions, including co-chairing Rural Team Manitoba and participated on the Community Economic Development sub-committee.

13-4(c) Community and Regional Development Initiatives

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	841.1	11.00	738.4	102.7	
(2) Other Expenditures	123.0		139.0	(16.0)	
TOTAL EXPENDITURES	964.1	11.00	877.4	86.7	

Appropriation 13-4(d) - Economic Development Initiatives (EDI)

The Economic Development Initiatives Branch is responsible for:

- managing the Rural Economic Development Initiative (REDI), which reinvests video lottery terminal (VLT) revenue back into rural and northern Manitoba to promote community economic development,
- delivering programs under REDI (see 13-4g),
- providing economic development support to northern communities including initiatives related to community adjustment in communities affected by mine closures, and
- providing direct and indirect support for community economic, cooperative and small business development as well as for major initiatives such as ethanol and bio-fibre expansion.

The branch participated in the following areas during 2003/2004:

- The Hometown Manitoba Program was introduced, along with application forms being distributed and first round approvals being made in late in the 2003/2004 year. (Project payments will be made in 2004/2005.)

- The Rural Entrepreneur Assistance (REA) Program approved 28 business loan guarantees totalling $1,495,764 in total loans leveraged through REA. These new business starts and expansions generated 81.5 full-time equivalent jobs as well as over $2.7 million in new capital investment, including loans and equity in rural and northern Manitoba.

- The Community Works Loan Program assisted with the formation of two new CDCs, bringing the total number of CDCs to 68. All CDCs combined have made 552 business loans totalling over $4.2 million, creating 854 new jobs and maintaining 444 existing positions.

- The Feasibility Studies Program contributed almost $210,000 in support of 27 projects, including activities to support increased beef processing in Manitoba.

- The Infrastructure Development Program contributed more than $240,000 to support four municipal and community projects.

- The Green Team Program provided employment to more than 600 youth in rural and northern Manitoba communities and provincial parks.

- The Partners with Youth Program funded 123 community-based projects which provided employment and assistance to 208 youth, while the Young Entrepreneurs component provided 48 grants, 34 in rural Manitoba and 14 in Winnipeg.

- Passage of enabling legislation through the Department of Finance for the Community Economic Development Tax Credit Program, which is being administered by the branch.

- Commissioning of the $150 million Simplot potato processing facility in Portage la Prairie.

- Support for the Keystone Centre to enable it to continue serving as a unique agricultural centre of excellence in North America and a major economic engine in Brandon and the Westman region.

- Continued support for the developing ethanol industry, including assistance to communities in pursuing projects.

- Continued involvement in supporting the development of a bio-fibre industry in Manitoba, including providing information and support to communities interested in pursuing and attracting bio-fibre operations.

13-4(d) Economic Development Initiatives

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	632.3	13.00	689.6	(57.3)	
(2) Other Expenditures	1,971.9		425.9	1,546.0	1
(3) Grants	456.0		545.0	(89.0)	
TOTAL EXPENDITURES	3,060.2	13.0	1,660.5	1,399.7	

1. *The variance over authority is primarily due to an increase in Grow Bonds doubtful guarantee provision, partly offset by reductions in travel, communication and other operating costs consistent with the government-wide fiscal restraints.*

Appropriation 13-4(e) - Cooperative Development Services

The Cooperative Development Services unit (COS) supports the use of the cooperative model in local and regional community economic development. COS assists communities and groups throughout Manitoba to develop viable cooperatives by providing path finding for financial assistance and other programs and services, general information on cooperatives, assistance in identifying needs and opportunities for cooperative development, and encouragement and support for developing cooperatives.

In addition to providing information and advice to existing and new co-ops, staff also provide secretariat support to The Cooperative Promotion Board and The Co-operative Loans and Loan Guarantee Board. The Cooperative Promotion Board provides grants to assist and encourage the development of cooperative enterprises in Manitoba. The Co-operative Loans and Loan Guarantee Board was established to ensure that cooperative organizations have reasonable access to capital necessary for the development and expansion of viable cooperative enterprises. The principal tool used is loan guarantees. Additional information regarding these boards is available in their annual reports.

COS achieved success in the following areas during 2003/2004:

- Provided assistance leading to the establishment of 11 new cooperative ventures throughout Manitoba.
- Established a new cooperative informational website providing information and contacts on the cooperatives advantage and the process to establish traditional and new generation cooperatives.

13-4(e) Cooperative Development Services

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Salaries and Employee Benefits	236.8	5.00	316.0	(79.2)	
(2) Other Expenditures	78.1		88.0	(9.9)	
TOTAL EXPENDITURES	314.9	5.00	404.0	(89.1)	

Appropriation 13-4(f) - Recoverable from Rural Economic Development Initiatives

Provides for the recovery of expenditures related to Community and Regional Development Initiatives and Economic Development Initiatives, and grants to the Regional Development Corporations, from the Rural Economic Development Initiatives Program.

13-4(f) Recoverable from Rural Economic Development Initiatives

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Less: Recoverable from Rural Economic Development Initiatives	(3,266.9)		(1,909.4)	(1,357.5)	1
TOTAL EXPENDITURES	(3,266.9)	0.00	(1,909.4)	(1,357.5)	

1. *The variance over authority is primarily due to an increase in Grow Bonds doubtful guarantee provision, partly offset by reductions in other operating costs recoverable from Rural Economic Development Initiatives, consistent with the government-wide fiscal restraints.*

Appropriation 13-4(g) - Rural Economic Development Initiatives (REDI)

REDI funds enhance business and cooperative development, create opportunities for youth, support industry, and help rural communities and organizations address local priorities and needs, thereby improving Manitobans' quality of life.

REDI programs include:

- **Feasibility Studies Program**
  This program assists rural businesses, co-ops and municipalities to access reliable research and planning for potential new or expanding projects that contribute to community prosperity, including the creation of jobs. The program provides up to 50% cost-shared funding to hire an independent consultant for financial, marketing or engineering analysis and/or development of a business plan or International Organization for Standardization (IS0) / Hazard Analysis Critical Control Point (HACCP) certification.

- **Rural Entrepreneur Assistance Program (REA)**
  This program assists full-time, small and home-based businesses in rural Manitoba by providing loan guarantees for new business starts or expansions through participating financial institutions. Loans can range from $10,000 to $100,000.

  The program also supports applicants' prospects for a successful loan by covering business seminars and other activities to help businesses succeed. Most financial institutions in Manitoba participate as REA lenders, reflecting the value of the program in facilitating local economic development.

- **Community Works Loan Program**
  This program provides cost-shared funding to participating Community Development Corporations (CDCs) to allow them to establish revolving capital pools that support new or expanding small businesses with loans of up to $10,000. These micro loans fill a gap by supporting businesses that would not normally have access to assistance through traditional lending institutions. The program also offers skills development to community members who serve on CDC boards.

- **Hometown Program**
  This program, announced in 2003/2004, provides financial support for rural and northern community projects initiated by local communities, organizations, cooperatives and businesses that enhance "main street" public places and building exteriors and that aim to promote the unique identities and themes that define communities.

- **Green Team Program**
  The program is administered by Education and Youth and provides summer employment to rural youth 16 to 24 years of age. There are two parts to the program, one offering employment in provincial parks as well as the Hometown component, which enables communities, municipalities, tourism operators and Conservation Districts to hire youth for summer projects.

- **Partners With Youth Program**
  This program is administered by Education and Youth to help improve the employability of youth facing multiple barriers to employment or who are on social assistance. Eligible participants, 18 to 29 years of age, receive job search, training and other work experience for up to eight weeks through participating sponsors. The Youth Entrepreneur Support component offers youth 18 to 29 years of age who want to establish a new full-time, year-round business grants of up to $4,000.

- **Strategic Initiatives**
  This component funds strategic projects which are significant in terms of building a foundation for sustainable economic development and diversification of the rural economy and enhancement of programs, and services that can bring large scale benefit to communities and regions.

- **Infrastructure Development Program**
  This program assisted communities to improve sewer and water, transportation access and waste disposal facilities to support new or expanding businesses.

- **Grow Bonds Program**
  Grow Bonds allowed Manitobans to invest directly in local enterprises under provisions of *The Community Development Bonds Act*, whereby communities managed bond offerings, while the Province guaranteed the bond principal. Demand for Grow Bonds has declined significantly since the mid-90's.

13-4(g) Rural Economic Development Initiatives

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(1) Programs - Operating	11,178.0		11,467.5	(289.5)	
(2) Programs - Capital Grants	4,757.6		4,757.5	0.1	
TOTAL EXPENDITURES	15,935.6	0.00	16,225.0	(289.4)	

Appropriation 10
(Voted under Intergovernmental Affairs and Trade - Appropriation 13-5b-2d)
Financial Assistance to Municipalities

The program is designed to assist large infrastructure projects to enhance sustainable economic development in Manitoba.

13-5b-2d Financial Assistance to Municipalities

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
(d) Financial Assistance to Other Municipalities -Capital Assistance					
Infrastructure Development	3,150.0		3,150.0	-	
TOTAL EXPENDITURES	3,150.0	0.00	3,150.0	-	

Appropriation 10
(Voted under Appropriation 13-5d)
Financial Assistance to Municipalities

This Program provides for the partial recovery of capital expenditures related to the Infrastructure Development Grants from the Rural Economic Development Initiatives Program.

13-5d Financial Assistance to Municipalities

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Less: Recoverable from Rural Economic Development Initiatives	(2,017.5)		(2,017.5)	-	
TOTAL EXPENDITURES	(2,017.5)		(2,017.5)	-	

Appropriation 11
(Voted under Intergovernmental Affairs and Trade - Appropriation 13-8)
Amortization and Other Costs Related to Capital Assets

Amortization and other costs related to capital asset for the Rural and Northern Community Economic Development Services were transferred to Manitoba Agriculture, Food and Rural Initiatives in 2003/2004. For additional information refer to Vote 8.

13-8(a) Desktop Services

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Other Expenditures:					
(1) Amortization Expense - Hardware and Transition	7.3		7.3	-	
(2) Amortization Expense - Enterprise Software	-		-	-	
(3) Enterprise Software Licenses	8.6		8.6	-	
TOTAL EXPENDITURES	15.9		15.9	-	

13-8(b) Amortization Expense

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Other Expenditures	7.7		7.6	0.1	
TOTAL EXPENDITURES	7.7		7.6	0.1	

Appropriation 12
(Voted under Industry, Economic Development and Mines - Appropriation 10-1g)
Grant Assistance – Horse Racing Industry

Grant support was provided to facilitate a harness racing meet on the Manitoba Great Western Harness Racing Circuit as well as quarter horse racing in Manitoba during the summer of 2003.

During the summer of 2003, 21 days of harness racing took place in nine towns in rural Manitoba. As well, two days of quarter horse racing took place in Rossburn, Manitoba. In addition to supporting the continuation of harness and quarter horse breeding and racing in Manitoba, community activities associated with race days net the various communities small profits which are available to support local community projects.

10-1g Grant Assistance - Horse Racing Industry

Expenditures by Sub-Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTEs	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Grants/Transfer Payments	104.0		104.0	-	
TOTAL EXPENDITURES	104.0		104.0	-	

SECTION ONE

PART B

CAPITAL INVESTMENTS

INFORMATION

Part B – Capital Investment

Capital investment provides for the acquisition of equipment. For more information on Tangible Capital Assets and their amortization see Vote 8.

Part B - Capital Investment

	Actual 2003/2004 $(000's)	Estimate 2003/2004 FTE	Estimate 2003/2004 $(000's)	Variance Over / (Under)	Expl. No.
Capital Investment	144.3	-	150.0	(5.7)	
TOTAL	144.3	-	150.0	(5.7)	

SECTION TWO

EXPENDITURE AND REVENUE

SUMMARY TABLES

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Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year

Actual 2003/2004 $(000's)	Actual 2002/2003 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
				03-1 Administration and Finance				
28.8	28.4	0.4		(a) Minister's Salary	28.8	29.0	(0.2)	
				(b) Executive Support:				
698.5	438.6	259.9	1	(1) Salaries and Employee Benefits	698.5	456.5	242.0	*
69.9	62.3	7.6		(2) Other Expenditures	69.9	62.6	7.3	
56.6	45.0	11.6		(3) Policy Studies	56.6	71.2	(14.6)	
				(c) Financial and Administrative Services:				
674.5	845.4	(170.9)		(1) Salaries and Employee Benefits	674.5	874.0	(199.5)	*
327.8	401.3	(73.5)		(2) Other Expenditures	327.8	436.8	(109.0)	*
				(d) Information Technology Services:				
434.2	451.3	(17.1)		(1) Salaries and Employee Benefits	434.2	448.2	(14.0)	
71.8	74.8	(3.0)		(2) Other Expenditures	71.8	71.9	(0.1)	
				(e) Human Resource Management Services:				
238.6	261.0	(22.4)		(1) Salaries and Employee Benefits	238.6	292.8	(54.2)	
42.8	35.6	7.2		(2) Other Expenditures	42.8	40.2	2.6	
2,643.5	2,643.7	(0.2)		Total 03-1	2,643.5	2,783.2	(139.7)	

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Manitoba Agriculture, Food and Rural Initiatives
Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year

Actual 2003/2004 $(000's)	Actual 2002/2003 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
				03-2 Risk Management & Income Support Programs				
				(a) Manitoba Crop Insurance Corporation				
2,771.4	3,715.1	(943.7)	2	(1) Administration	2,771.4	3,432.0	(660.6)	*
31,693.8	27,978.1	3,715.7	3	(2) Premiums	31,693.8	31,188.0	505.8	
928.9	1,114.0	(185.1)	4	(3) Wildlife Damage Compensation	928.9	1,144.4	(215.5)	*
53,992.5	22,702.5	31,290.0	5	(b) Net Income Stabilization Account	53,992.5	43,110.0	10,882.5	*
-	21,150.0	(21,150.0)	6	(c) Canadian Farm Income Program	-	-	-	
89,386.6	76,659.7	12,726.9		Total 03-2	89,386.6	78,874.4	10,512.2	
5,916.8	5,643.9	272.9	7	**03-3 Manitoba Agricultural Credit Corporation**	5,916.8	6,209.9	(293.1)	*
5,916.8	5,643.9	272.9		Total 03-3	5,916.8	6,209.9	(293.1)	

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Manitoba Agriculture, Food and Rural Initiatives
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for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year

Actual 2003/2004 $(000's)	Actual 2002/2003 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
				03-4 Agricultural Development and Marketing				
				(a) Marketing and Farm Business Management:				
1,888.8	1,556.0	332.8	8	(1) Salaries and Employee Benefits	1,888.8	1,679.7	209.1	
1,023.8	964.1	59.7		(2) Other Expenditures	1,023.8	1,014.8	9.0	
364.2	358.6	5.6		(3) Agricultural Societies Grant Assistance	364.2	368.4	(4.2)	
43.3	42.9	0.4		(4) Other Grant Assistance	43.3	42.8	0.5	
				(b) Animal Industry:				
1,722.6	1,774.4	(51.8)		(1) Salaries and Employee Benefits	1,722.6	1,946.1	(223.5)	
605.8	846.1	(240.3)	9	(2) Other Expenditures	605.8	537.5	68.3	
				(c) Veterinary Services:				
2,188.0	2,062.9	125.1		(1) Salaries and Employee Benefits	2,188.0	2,050.1	137.9	
928.7	937.6	(8.9)		(2) Other Expenditures	928.7	888.6	40.1	
517.4	470.7	46.7		(3) Grant Assistance - Operating	517.4	473.3	44.1	
300.0	300.0	-		(4) Grant Assistance - Capital	300.0	300.0	-	
				(d) Soils & Crops:				
2,919.8	2,881.9	37.9		(1) Salaries and Employee Benefits	2,919.8	3,074.3	(154.5)	
1,058.6	902.7	155.9		(2) Other Expenditures	1,058.6	1,017.2	41.4	
430.1	209.0	221.1	10	(e) Irrigation Development	430.1	1,072.5	(642.4)	*
1,829.6	1,507.5	322.1	11	(f) Food Development Centre	1,829.6	2,113.8	(284.2)	
15,820.7	14,814.4	1,006.3		Total 03-4	15,820.7	16,579.1	(758.4)	

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Manitoba Agriculture, Food and Rural Initiatives
Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year

Actual 2003/2004 $(000's)	Actual 2002/2003 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
				03-5 Regional Agricultural Services				
				(a) Northwest Region:				
2,324.0	2,264.9	59.1		(1) Salaries and Employee Benefits	2,324.0	2,368.2	(44.2)	
820.2	803.0	17.2		(2) Other Expenditures	820.2	817.0	3.2	
				(b) Southwest Region:				
2,561.3	2,469.4	91.9		(1) Salaries and Employee Benefits	2,561.3	2,546.8	14.5	
687.7	707.9	(20.2)		(2) Other Expenditures	687.7	718.8	(31.1)	
				(c) Central Region:				
2,463.1	2,210.7	252.4		(1) Salaries and Employee Benefits	2,463.1	2,504.0	(40.9)	
687.4	662.1	25.3		(2) Other Expenditures	687.4	689.7	(2.3)	
				(d) Eastern/Interlake Region:				
3,297.1	3,271.6	25.5		(1) Salaries and Employee Benefits	3,297.1	3,478.3	(181.2)	
1,213.3	1,143.3	70.0		(2) Other Expenditures	1,213.3	1,240.0	(26.7)	
				(e) Agricultural Crown Lands:				
719.8	630.6	89.2		(1) Salaries and Employee Benefits	719.8	660.1	59.7	
275.9	252.9	23.0		(2) Other Expenditures	275.9	283.0	(7.1)	
15,049.8	14,416.4	633.4		Total 03-5	15,049.8	15,305.9	(256.1)	

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Manitoba Agriculture, Food and Rural Initiatives
Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year

Actual 2003/2004 $(000's)	Actual 2002/2003 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
				03-6 Policy and Economics				
				(a) Economics:				
1,251.4	1,212.6	38.8		(1) Salaries and Employee Benefits	1,251.4	1,253.8	(2.4)	
265.9	280.2	(14.3)		(2) Other Expenditures	265.9	374.1	(108.2)	
				(b) Boards and Commissions Support Services:				
401.8	385.1	16.7		(1) Salaries and Employee Benefits	401.8	437.1	(35.3)	
542.7	524.5	18.2		(2) Other Expenditures	542.7	604.2	(61.5)	
2,461.8	2,402.4	59.4		Total 03-6	2,461.8	2,669.2	(207.4)	

Appendix A
Manitoba Agriculture, Food and Rural Initiatives
Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year

Actual 2003/2004 $(000's)	Actual 2002/2003 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
				03-7 Agriculture Research and Development				
1,000.0	700.0	300.0	12	(a) Agri-Food Research and Development Initiative	1,000.0	1,000.0	-	
1,045.3	1,075.5	(30.2)		(b) Agricultural Sustainability Initiative	1,045.3	1,118.5	(73.2)	
768.3	768.3	-		(c) Grant to the University of Manitoba	768.3	768.3	-	
332.5	332.5	-		(d) Grant to the Prairie Agricultural Machinery Institute	332.5	332.5	-	
3,146.1	2,876.3	269.8		Total 03-7	3,146.1	3,219.3	(73.2)	
				03-8 Amortization and Other Costs Related to Capital Assets				
				(a) Desktop Services				
135.9	331.9	(196.0)	13	(1) Amortization Expense - Hardware and Transition	135.9	135.9	-	
-	55.5	(55.5)		(2) Amortization Expense - Enterprise Software	-	-	-	
131.0	131.0	-		(3) Enterprise Software Licenses	131.0	131.0	-	
229.0	240.8	(11.8)		(b) Amortization Expense	229.0	237.9	(8.9)	
29.5	25.8	3.7		(c) Interest Expense	29.5	28.0	1.5	
525.4	785.0	(259.6)		Total 03-8	525.4	532.8	(7.4)	

Appendix A
Manitoba Agriculture, Food and Rural Initiatives
Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year

Actual 2003/2004 $(000's)	Actual 2002/2003 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
				03-9 [13-4] Rural and Northern Community Economic Development Services				
				(a) Executive Administration				
93.6	95.8	(2.2)		(1) Salaries and Employee Benefits	93.6	92.3	1.3	
19.7	20.0	(0.3)		(2) Other Expenditures	19.7	20.4	(0.7)	
				(c) Community and Regional Development Initiatives				
841.1	684.8	156.3		(1) Salaries and Employee Benefits	841.1	738.4	102.7	
123.0	121.8	1.2		(2) Other Expenditures	123.0	139.0	(16.0)	
				(d) Economic Development Initiatives				
632.3	702.2	(69.9)		(1) Salaries and Employee Benefits	632.3	689.6	(57.3)	
1,971.9	941.3	1,030.6	14	(2) Other Expenditures	1,971.9	425.9	1,546.0	*
456.0	481.2	(25.2)		(3) Grant Assistance - Operating	456.0	545.0	(89.0)	
				(e) Co-operative Development Services				
236.8	289.8	(53.0)		(1) Salaries and Employee Benefits	236.8	316.0	(79.2)	
78.1	173.9	(95.8)		(2) Other Expenditures	78.1	88.0	(9.9)	
				(f) Less: Recoverable from Rural Economic Development				
(3,266.9)	(2,195.0)	(1,071.9)	15	Initiatives	(3,266.9)	(1,909.4)	(1,357.5)	*
				(g) Rural Economic Development Initiatives				
11,178.0	10,764.8	413.2		(1) Programs - Operating	11,178.0	11,467.5	(289.5)	
4,757.6	4,842.6	(85.0)		(2) Programs - Capital Grants	4,757.6	4,757.5	0.1	
17,121.2	16,923.2	198.0		Total 03-9	17,121.2	17,370.2	(249.0)	
				03-10 [13-5] Financial Assistance to Municipalities				
				(b-2) Financial Assistance to Other Municipalities- Capital Assistance				
3,150.0	3,150.0	-		(d) Infrastructure Development	3,150.0	3,150.0	-	
				(d) Less: Recoverable from Rural Economic Development				
(2,017.5)	(2,017.5)	-		Initiatives	(2,017.5)	(2,017.5)	-	
1,132.5	1,132.5	-		Total 03-10	1,132.5	1,132.5	-	

Appendix A
Manitoba Agriculture, Food and Rural Initiatives
Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year

Actual 2003/2004 $(000's)	Actual 2002/2003 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
				03-11 [13-8] Amortization and Other Costs Related to Capital Assets				
				(a) Desktop Services				
7.3	18.2	(10.9)		(1) Amortization Expense - Hardware and Transition	7.3	7.3	-	
-		-		(2) Amortization Expense - Enterprise Software	-	-	-	
8.6	8.6	-		(3) Enterprise Software Licenses	8.6	8.6	-	
7.7	7.7	-		(b) Amortization Expense	7.7	7.6	0.1	
23.6	34.5	(10.9)		Total 03-11	23.6	23.5	0.1	
				03-12 [10-1g] Grant Assistance - Horse Racing				
104.0	104.1	(0.1)		**Industry**	104.0	104.0	-	
104.0	104.1	(0.1)		Total 03-12	104.0	104.0	-	
153,332.0	138,436.1	14,895.9		**TOTAL: DEPARTMENT OF AGRICULTURE, FOOD AND RURAL INITIATIVES**	153,332.0	144,804.0	8,528.0	

* Explanations for these variances can be found in the respective sub-appropriation detail.

Explanation Number

1. *The increase in Executive Support – Salaries of $259.9 is mainly due to the negotiated general salary increases under the Manitoba Government Employees' Union (MGEU) agreement and severance payments during the year.*
2. *The decrease in MCIC Administration of ($943.7) is mainly due to a change in the Federal/Provincial cost-sharing ratio for administration costs for 2003/04 with the federal government contributing a higher proportion of the total cost.*
3. *The net increase in Premiums of $3,715.7 is mainly due to increases in insured crop prices and acres and a decrease in premium discount for the size of the reserve fund, partially offset by a change in federal/provincial cost-sharing ratio for 2003/04 with the federal government contributing a higher proportion of the total cost.*
4. *The decrease in Wildlife Damage Compensation of ($185.1) is mainly due to a change in federal provincial cost-sharing ratio for 2003/04 with the federal government contributing a higher proportion of the total cost.*
5. *The increase of $31,290.0 is due to the combination in the new Canadian Agricultural Income Stabilization (CAIS) program of the benefits provided to producers under both Net Income Stabilization Account (NISA) and the Canadian Farm Income Program (CFIP).*
6. *The decrease in CFIP of ($21,150.0) is due to the discontinuation of the program and the introduction of the CAIS program which combines the benefits provided to producers under both CFIP and NISA into one program.*
7. *The net increase in MACC of $272.9 is primarily due to the following:*

$ 302.5	*Increase in Administration due to increases in staffing costs from filling positions held vacant, negotiated salary increases, implementation of the BSE Recovery Loan program in August and a decrease in administration fee revenue with lower than anticipated lending activity in MACC's regular direct lending programs.*
($734.3)	*Decrease in Net Interest cost and Loan Guarantees due to a) increase in net interest revenue mainly due to gains from land sale; b) decrease in loan guarantees due to a decline in the level of activity in the Diversification Loan Guarantee program; c) higher reduction in the provision for Flood Proofing due to the loan portfolio declining at a greater rate than anticipated with loan prepayments; d) decrease in Young Farmer Rebate (YFR) due to the rebates expiring on loans that were approved during the high activity levels of the late 1990's and lower than anticipated new loan activity.*
$ 450.0	*Increase in the provision for impaired loans due to the downturn in the economy resulting in higher arrears and loan balances.*
$ 221.0	*Increase in Project 2000 – Bridging Generations Initiative primarily due to filling of positions held vacant in 2002/03 and implementation costs of the program over a full year in 2003/04.*

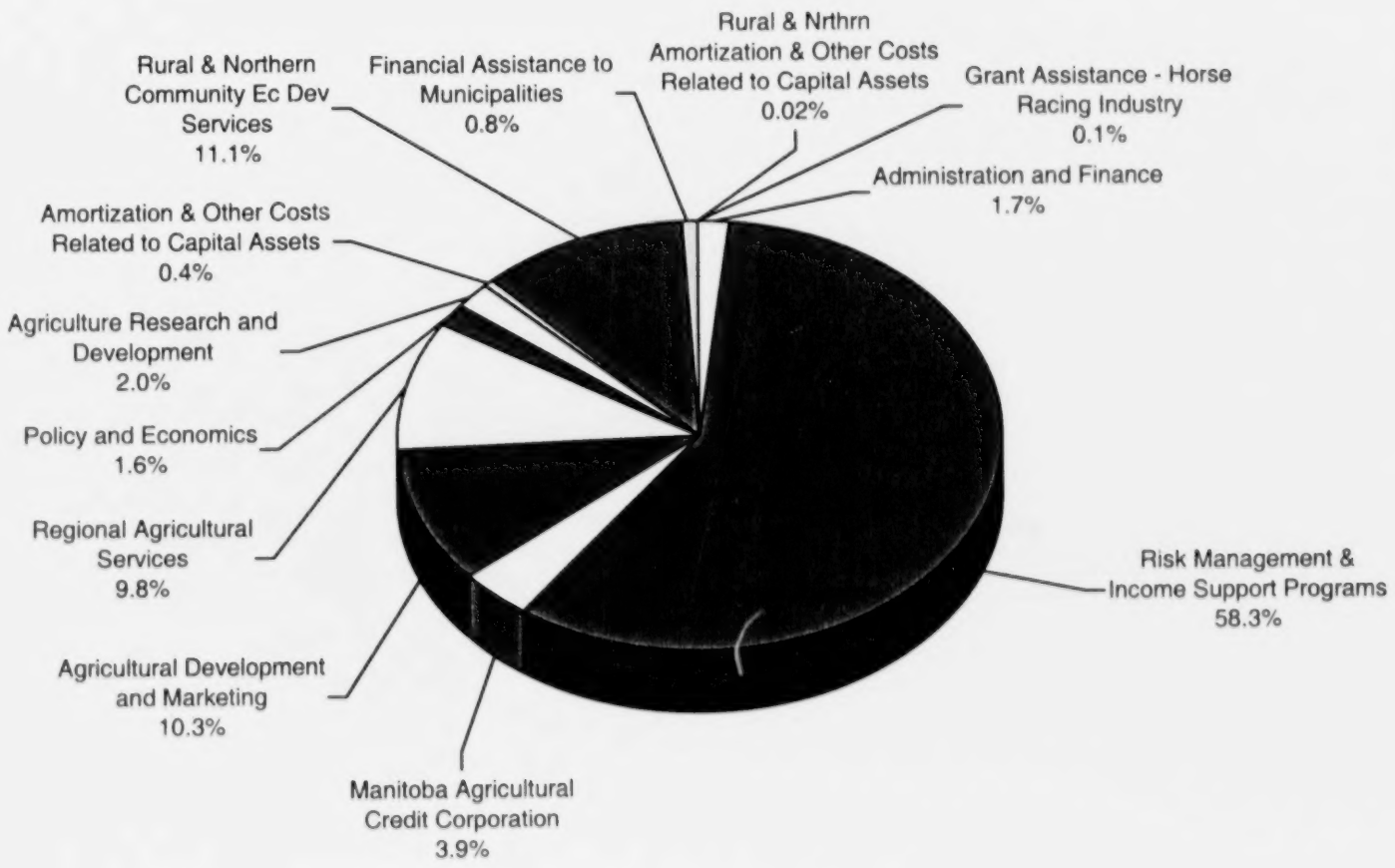
8. *The increase in Marketing and Farm Business Management – Salaries of $332.8 is mainly due to negotiated general salary increases under the agreement with the MGEU and severance payments during the year.*
9. *The net decrease in Animal Industry – Other Expenditures of ($240.3) is primarily due to non-recurring expenditures under the Elk Management Fund in 2002/03, partly offset by BSE-related expenditures in 2003/04.*
10. *The increase in Irrigation Development of $221.1 is mainly due to a full year's implementation of a new infrastructure support program started in 2002/03.*
11. *The increase in the Food Development Centre (FDC) of $322.1 is mainly due to requirements under FDC's capital program.*
12. *The increase in the Agri-Food Research and Development Initiative of $300.0 reflects a commitment to the importance of research and development activity for the enhancement of the agriculture and agri-food sector in Manitoba.*

13. *The decrease in Amortization Expense – Hardware and Transition of ($196.0) is consistent with the amortization of costs capitalized under the original desktop management initiative.*

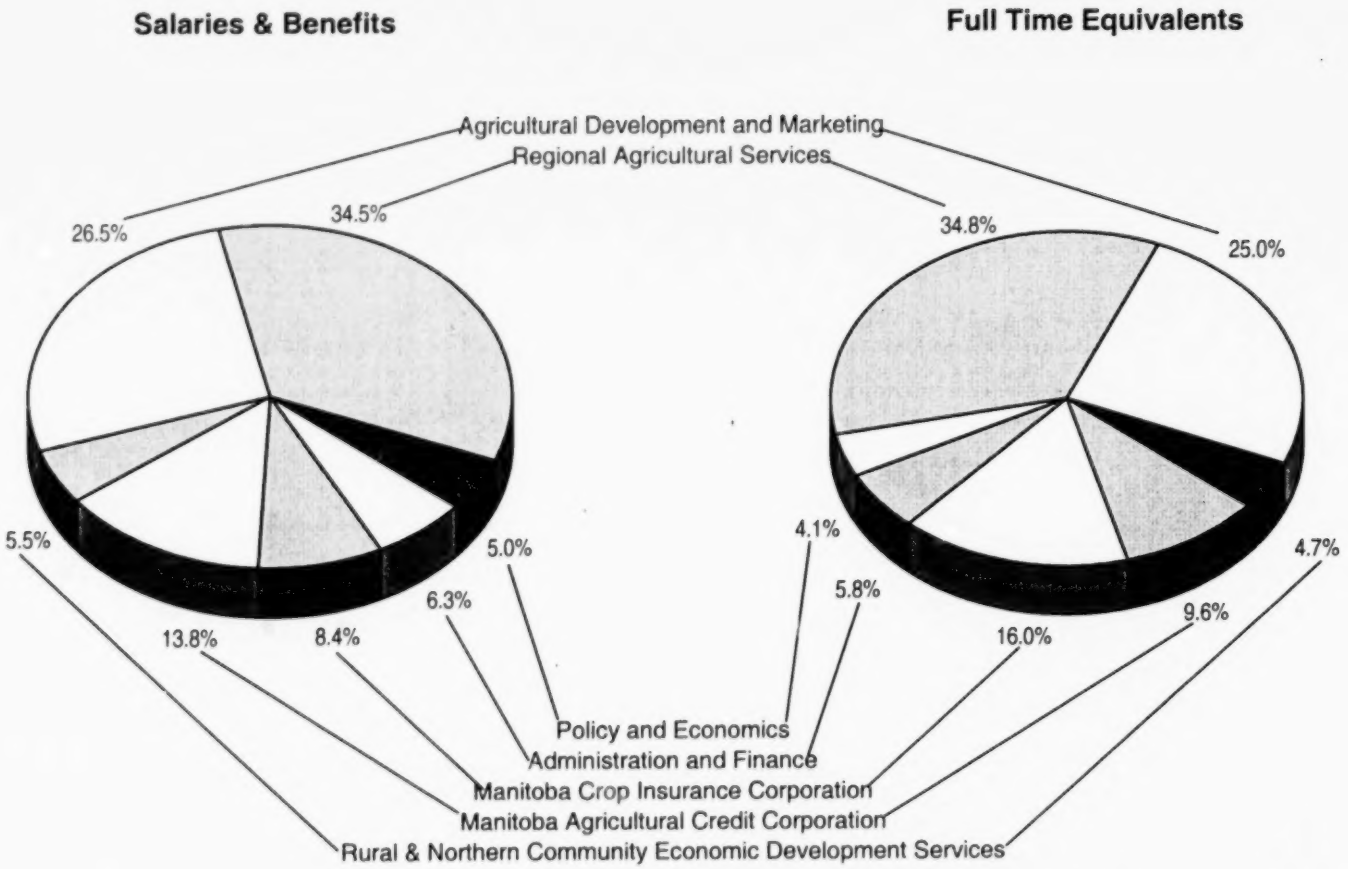
14. *The increase in Economic Development Initiatives – Other Expenditures of $1,030.6 is mainly due to the provision for Grow Bonds doubtful guarantees.*

15. *The increase in recovery of ($1,071.9) under Less: Recoverable from Rural Economic Development Initiatives is mainly due to the increase in the provision for Grow Bonds doubtful guarantees which are recoverable from Rural Economic Development Initiatives.*

Department of Agriculture, Food and Rural Initiatives
Distribution by Main Appropriation
2003/2004 Expenditures


Rural & Nrthrn Amortization & Other Costs Related to Capital Assets 0.02%
Financial Assistance to Municipalities 0.8%
Rural & Northern Community Ec Dev Services 11.1%
Grant Assistance - Horse Racing Industry 0.1%
Administration and Finance 1.7%
Amortization & Other Costs Related to Capital Assets 0.4%
Agriculture Research and Development 2.0%
Policy and Economics 1.6%
Regional Agricultural Services 9.8%
Risk Management & Income Support Programs 58.3%
Agricultural Development and Marketing 10.3%
Manitoba Agricultural Credit Corporation 3.9%

Department of Agriculture, Food and Rural Initiatives
Percentage Distribution of Salaries & Employee Benefits
And Full Time Equivalents - 2003/2004



Appendix A
Manitoba Agriculture, Food and Rural Initiatives
Part B - Capital Investment Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year

Actual 2003/2004 $(000's)	Actual 2002/2003 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Appropriation	Actual 2003/2004 $(000's)	Estimate 2003/2004 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
144.3	148.0	(3.7)		**Capital Investment**	144.3	150.0	(5.7)	
144.3	148.0	(3.7)		Total	144.3	150.0	(5.7)	

Appendix A
Manitoba Agriculture, Food and Rural Initiatives
Revenue Summary By Source

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year

Actual 2003/2004 $(000's)	Actual 2002/2003 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Source	Actual 2003/2004 $(000's)	Estimate 2003/2004 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
				CURRENT OPERATING PROGRAMS:				
				Government of Canada:				
0.9	2.4	(1.5)		Rabies Indemnity	0.9	7.0	(6.1)	
24.8	1,076.0	(1,051.2)	1	Disaster Aid Program Admin. Cost Recovery	24.8	40.0	(15.2)	
25.7	1,078.4	(1,052.7)		Sub-Total	25.7	47.0	(21.3)	
				Other Revenue:				
2,461.8	2,384.8	77.0		(a) Fees	2,461.8	2,278.5	183.3	2
70.3	73.3	(3.0)		(b) Sundry	70.3	57.0	13.3	
2,532.1	2,458.1	74.0		Sub-Total	2,532.1	2,335.5	196.6	
2,557.8	3,536.5	(978.7)		Total Department Revenue	2,557.8	2,382.5	175.3	
14.8	-	-	3	Sale of Government Assets	14.8	-	-	4

Explanation Number

1. *The decrease in Government of Canada – Disaster Aid Admin Cost Recovery of ($1,051.2) is primarily due to the following:*
   - *($994.7)* *Credit given in 2002/03 for the 1999/2000 MFDAP program by the federal government upon finalization of their calculations for the cost of the program.*
   - *($56.3)* *Decrease in provincial administration expenditures eligible for 60% federal sharing from the delivery of Agriculture Disaster Aid Programming.*
2. *The amount over spending authority is primarily due to the following:*
   - *$140.5* *Increase in Veterinary Diagnostic fees primarily due to escalating concerns about animal health – foreign animal disease.*
   - *$50.7* *Increase in Lease Rentals – Crown Lands mainly due to an increase in the number of hay and grazing permits and cropping leases issued in 2003 as a result of the current situation within the livestock industry.*
3. *The increase is due to the sale of assets for the elk program. The program was effectively wound up as at the end of the prior year.*
4. *The amount over spending authority is due to the unbudgeted sale of assets for the elk program.*

SECTION THREE

EXPENDITURE AND STAFFING

SUMMARY TABLES

Appendix B
Department of Agriculture, Food and Rural Initiatives
Five Year Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ending March 31, 2000 to March 31, 2004

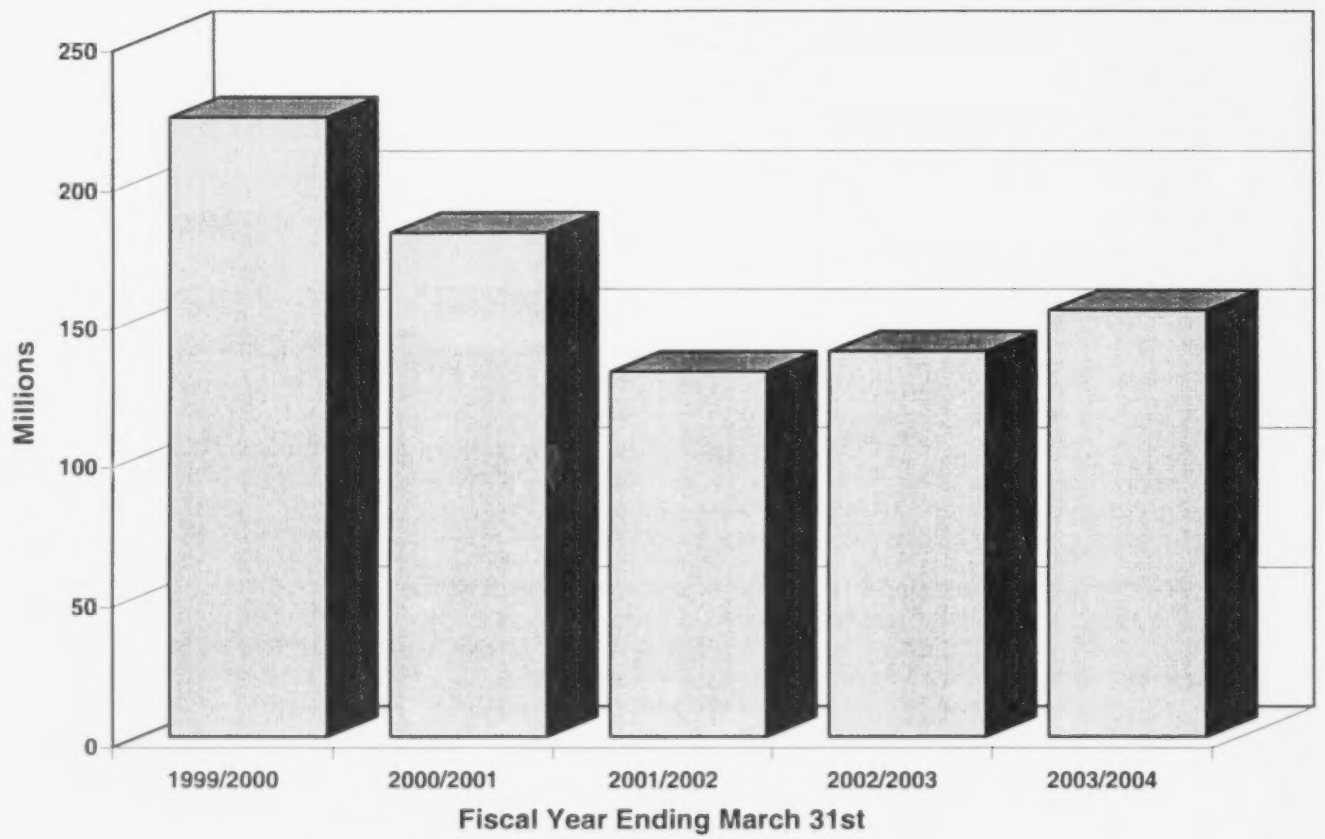
			Actual / *Adjusted Expenditures									
	Main Appropriation		1999/2000		2000/2001		2001/2002		2002/2003		2003/2004	
			FTEs	$(000's)	FTEs	$(000's)	FTEs	$(000's)	FTEs	$(000's)	FTEs	$(000's)
03-1	Administration and Finance	(1),(2)	36.39	2,554.4	36.39	2,485.1	36.39	2,389.0	36.39	2,643.7	36.39	2,643.5
03-2	Risk Management and Income Support Programs	(3)	98.00	158,345.4	100.00	117,077.3	101.00	72,621.7	101.00	76,659.7	101.00	89,386.6
03-3	Manitoba Agricultural Credit Corporation		50.00	8,794.4	61.00	5,181.1	61.00	5,658.0	61.00	5,643.9	61.00	5,916.8
03-4	Agricultural Development and Marketing	(1),(4)	153.73	13,550.0	158.73	14,995.8	157.73	15,184.4	157.73	14,814.4	157.73	15,820.7
03-5	Regional Agricultural Services	(2)(4)	217.87	14,028.9	219.87	14,387.0	219.87	14,665.1	219.87	14,416.4	219.87	15,049.8
03-6	Policy and Economics		26.19	2,363.4	26.19	2,437.1	26.19	2,371.6	26.19	2,402.4	26.19	2,461.8
03-7	Agriculture Research and Development		-	4,801.4	-	3,358.0	-	2,738.4	-	2,876.3	-	3,146.1
03-8	Amortization & Other Costs Related to Capital Assets		-	725.8	-	806.0	-	834.1	-	785.0	-	525.4
03-9	Rural & Northern Community Ec Dev Services	(5)	29.00	15,455.0	29.00	16,070.5	29.00	14,614.4	30.00	16,923.2	30.00	17,121.2
03-10	Financial Assistance to Municipalities	(5)	-	2,000.0	-	3,350.0	-	-	-	1,132.5	-	1,132.5
03-11	Amortization & Other Costs Related to Capital Assets	(5)	-	23.5	-	23.5	-	23.5	-	34.5	-	23.6
03-12	Grant Assistance - Horse Racing Industry	(6)	-	64.5	-	178.4	-	0.1	-	104.1	-	104.0
Total: Dept. of Agriculture, Food and Rural Initiatives			611.18	222,706.7	631.18	181,249.8	631.18	131,100.3	632.18	138,436.1	632.18	153,332.0

* Adjusted figures reflect historical data on a comparable basis in those appropriations affected by a re-organization during the years under review.

Explanation Number

1. *The 2001/02, 2002/03, 2003/04 actual expenditures have been adjusted to reflect the transfer of accommodation costs from Agricultural Development & Marketing to the appropriate responsibility area Administration and Finance.*
2. *The five prior year's actual expenditures have been adjusted to reflect the transfer of 1.00 FTE and salary costs from Regional Agricultural Services to Administration and Finance and the transfer of 1.00 FTE and salary costs from Administration and Finance to Regional Agricultural Services to properly reflect the positions in the appropriate responsibility areas.*
3. *The five prior year's actual expenditures have been adjusted to reflect the transfer of Agriculture Disaster Aid Programming costs to Risk Management and Income Support Programs.*
4. *The five prior year's actual expenditures of Agricultural Development & Marketing have been adjusted to reflect the transfer of International Trade (4.00 FTEs, salary costs and operating expenditures) to Intergovernmental Affairs and Trade during the 2003/04 year.*
5. *The five prior year's actual expenditures have been adjusted to reflect the transfer of Rural Initiatives (30.00 FTEs, salary costs and operating expenditures) from Intergovernmental Affairs and Trade during the 2003/04 year.*
6. *The five prior year's actual expenditures have been adjusted to reflect the transfer of the Manitoba Horse Racing Commission from Industry, Economic Development and Mines during the 2003/04 year.*

Department of Agriculture, Food and Rural Initiatives
Five Year Expenditure History
For Years Ending March 31, 2000 to March 31, 2004



Appendix C
Department of Agriculture, Food and Rural Initiatives
Reconciliation Statement

DETAILS	2003/2004 ESTIMATES $(000's)
2003/2004 MAIN ESTIMATES	126,631.9
MAIN ESTIMATES AUTHORITY TRANSFERRED FROM:	
- Intergovernmental Affairs and Trade	18,526.2
- Industry, Economic Development and Mines	104.0
- Internal Reform, Workforce Adjustment and General Salary Increases	10.0
MAIN ESTIMATES AUTHORITY TRANSFERRED TO:	
- Intergovernmental Affairs and Trade	(468.1)
2003/2004 ESTIMATE	**144,804.0**

Appendix D

Manitoba Agriculture, Food and Rural Initiatives
Statutory Responsibilities of the Minister of Agriculture, Food and Rural Initiatives

The Agriculture Credit Corporation Act ..... A 10
The Agricultural Producers' Organization Funding Act ..... A 18
The Agricultural Productivity Council Act ..... A 20
The Agricultural Societies Act ..... A 30
The Department of Agriculture and Food Act ..... A 40
The Agrologists Act ..... A 50
The Animal Care Act ..... A 84
The Animal Diseases Act ..... A 85
The Animal Liability Act ..... A 95
The Bee Act ..... B 15
The Cattle Producers Association Act ..... C 25
The Coarse Grain Marketing Control Act ..... C 140
The Crop Insurance Act ..... C 310
The Crown Lands Act [Sections 7.2 (2) to 7.6 and sections 6, 7, 10, 12(1), 14, 16, 17, 18, 21, 23, and 24 to 28 both inclusive, insofar as they relate to the administration of Crown Lands which may be designated by the Minister of Conservation as Agricultural Crown Lands, and Agricultural Crown Lands Grazing and Hay Permits Regulation (Manitoba Revised Regulation 288/88) and Forage Leases Regulation (46/88 R)] ..... C 340
The Dairy Act ..... D 10
The Family Farm Protection Act ..... F 15
The Farm Income Assurance Plans Act ..... F 30
The Farm Lands Ownership Act ..... F 35
The Farm Machinery and Equipment Act ..... F 40
The Farm Practices Protection Act ..... F 45
The Farm Products Marketing Act ..... F 47
The Fruit and Vegetable Sales Act ..... F 180
The Horse Racing Commission Act ..... H 90
The Horse Racing Regulation Act ..... H 100
The Land Rehabilitation Act ..... L 50
The Livestock and Livestock Products Act ..... L 170
The Livestock Industry Diversification Act ..... L 175
The Margarine Act ..... M 30
The Milk Prices Review Act ..... M 130
The Noxious Weeds Act ..... N 110
The Pesticides and Fertilizers Control Act ..... P 40
The Plant Pests and Diseases Act ..... P 90
[Except that portion of clause 16(c) that pertains to arborists and clause 16 (i)]
The Seed and Fodder Relief Act ..... S 80
The Veterinary Medical Act ..... V 30
The Veterinary Science Scholarship Fund Act ..... V 40
The Veterinary Services Act ..... V 50
The Wildlife Act [Section 89(e) that applies to compensation for damage to crops caused by wildlife as it pertains to big game and migratory waterfowl] ..... W 130
The Women's Institutes Act ..... W 180

Appendix E
Manitoba Agriculture, Food and Rural Initiatives
Elk Management Fund

Balance Sheet

As at March 31, 2004
(with 2003 figures for comparison)

	2004	2003
Assets - Note 1, 3, 5		
Funds on deposit with the Province	$ -	$ 250,273
Liabilities and Fund Balance		
Contractor liability - Note 4	-	$ 250,000
Loan Advance from the Province - Note 3, 5	-	1,730,820
	-	1,980,820
Opening Accumulated Fund Balance	-	(1,381,830)
Current Year's Income (Deficit)		(348,717)
Ending Accumulated Fund Balance - Note 3		(1,730,547)
	$ -	$ 250,273

Statement of Revenue and Expenditures

For the Year Ended March 31, 2004
(with 2003 figures for comparison)

	2004	2003
Revenue - Note 3		
License Fees	-	$ 5,600
Expenditures - Note 1		
Holding	-	72,021
Feed	-	55,524
Testing	-	4,801
Veterinary	-	3,814
Administration	-	40,550
Interest	-	62,457
Total Expenditures	-	239,167
Less: Recovery of Expenditures	-	31,500
Net Expenditures	-	207,667
Excess of Expenditures over Revenue before the following:	-	(202,067)
Settlement of Claim - Note 4	-	(146,650)
Net Expenditures over Revenue	$ -	$ (348,717)

Appendix E
Manitoba Agriculture, Food and Rural Initiatives
Elk Management Fund

Notes to Financial Statements
For the Year Ended March 31, 2004

1. **Significant Accounting Policies**
   - (a) The financial statements of the fund are prepared using the accrual basis of accounting.
   - (b) Expenditures related to the capture and holding of elk is capitalized as inventory and is expensed when the corresponding revenue, from the dispersal of the captured elk, is recognized.

2. **Nature of Fund**

The Elk Management Fund was established under the authority of the Livestock Industry Diversification Act and the Elk Game Production Regulation. The Minister established a management fund for the purpose of funding:

- (a) Programs for the protection and enhancement of elk and their habitat.
- (b) The capture of elk from the wild, and their maintenance and disposition.
- (c) Elk research programs and demonstration projects.
- (c) Costs associated with administering the Act.

3. **Loan Advance Province of Manitoba**

All activities of the Elk Management Fund have been wound down at March 31, 2004. Repayment obligation of the advances ($1,730,820) received from the Province has been removed. The loan advance receivable within the Consolidated Fund of the Province was written off against the contra valuation allowance account. The write-off certificate number is WO-189.

4. **Contractor Liability**

This liability is a result of obligations the Fund incurred as a result of settlement with MFNEBC and the payment was made in the 2003/04 fiscal year.

5. **Valuation Allowance**

Any provincial expenditure (recovery) entry for a valuation allowance is recorded in the Department's appropriation - Animal Industry (4B).